

LONDON BOROUGH OF BARKING AND DAGENHAM

PAY POLICY STATEMENT 2015/16

1. Introduction – Requirement for Council Pay Policy Statement

- 1.1 Section 38 (1) of the Localism Act 2011 requires English and Welsh local authorities to produce a pay policy statement to be agreed by members before the beginning of each financial year. The Act does not apply to local authority schools. This document meets the requirements of the Act for the London Borough of Barking and Dagenham. This Pay Policy Statement covers the 2014/15 financial year.
- 1.2 The provisions of the “Act” require that councils are more open about their own local policies and how their local decisions are made. The Code of Recommended Practice for Local Authorities on Data Transparency enshrines the principles of transparency and asks councils to follow three principles when publishing data they hold: responding to public demand; releasing data in open formats available for re-use, and, releasing data in a timely way. This includes data on senior salaries and the structure of the workforce.

2. Pay and Reward Principles

- 2.1 The Council recognises that if it is to serve its communities well and deliver the objectives in the Corporate Delivery Plan, it needs to be able to attract and retain talented people at all levels of the organisation. The Council’s People Strategy describes the actions we will take to ensure that we have

“the right people, with the right skills in the right places, with the right kinds of management and leadership, motivated to perform well”

- 2.2 One of the things that we must get right if we are to achieve this is our approach to reward for staff at all levels.
- 2.3 Whatever their role, the Council seeks to ensure that every member of staff is valued and remunerated on a fair and just basis. Our approach to pay is designed to ensure:
- Pay levels are affordable for the Council, at a time when we are making some very difficult decisions about spending on services to the community;
 - We can demonstrate fairness and equity in what we pay people at different levels and in different parts of the Council; and
 - Pay is set at levels which enable us to recruit and retain the quality of staff we need to help us achieve our objectives at a time of financial hardship.

- 2.4 The Council remains committed to being part of the local government national pay negotiation structure (overseen by the National Joint Council). The Council has also committed to pay all its employees in substantive posts an annual salary, which equates to at least £9.20 per hour.
- 2.5 Pay levels are determined through a job evaluation system. For staff at PO6 and below we generally use the Greater London Provincial Council job evaluation system. For posts at PO7 and above we use the HAY job evaluation system. Pay point 49 (£43,802) is at the top of PO6 and bottom of PO7. Each system assesses the relative “size” of the role against a range of criteria, relating to its complexity, the number of resources managed and the knowledge required to undertake the role.
- 2.6 Pay rates are generally set against the national pay spine agreed by the National Joint Council, although there are local pay points at the top of the LBBD pay scale.

3. Defining “Chief Officers”

- 3.1 The implementation of savings plans has seen a reduction in the number of “chief officer” posts year on year. At the start of the 2015/16 financial year, the Council has within its structure the following Chief Officers:

- Chief Executive (Head of Paid Service)
- Corporate Director of Adult and Community Services
- Corporate Director of Children’s Services
- Director of Growth
- Director of Public Health
- Chief Finance Officer (Section 151 Officer)
- Head of Legal and Democratic Services (Monitoring Officer) (0.5fte)
- Divisional Director - Human Resources and Organisational Development
- Divisional Director - Regeneration
- Divisional Director - Housing Strategy and Advice
- Divisional Director - Housing Management
- Divisional Director - Asset Management and Development
- Divisional Director - Environment
- Divisional Director - Strategic Commissioning and Safeguarding
- Divisional Director - Complex Needs and Social Care
- Divisional Director - Education
- Divisional Director - Culture and Sport
- Divisional Director - Adult Social Care
- Divisional Director - Commissioning and Partnerships

4. Accountability for Chief Officers Pay

- 4.1 The pay arrangements for chief officers are overseen by a Panel (called the JNC Salaries and Conditions Panel) appointed by the Council’s Assembly.

- 4.2 The Council's constitution sets out the responsibilities and composition of the Panel and states:

JNC Salaries and Conditions Panel - consisting of the Leader (who shall be Chair), the Deputy Leader(s) of the Council, the relevant Portfolio Holder(s) and two non-Cabinet councillors (selected by the Chief Executive, in consultation with the Leader, from a pool of four non-Cabinet councillors appointed by the Assembly), to consider and make final decisions in relation to:

- (a) salaries and conditions for JNC officers (including the Chief Executive)
- (b) the grading of any new JNC posts in line with Council policy; and
- (c) senior management (JNC) structures / reorganisations.

5. Current Pay Policy and Base Pay Rates

5.1 Setting Salary Levels

- 5.1.1 Chief Officer roles are evaluated using the HAY job evaluation system. Spot salary levels were set for Chief Officer roles in 2008. There is a commitment to review salary levels every three years. In undertaking reviews, account is taken of the market, particularly the market in London.
- 5.1.2 In 2008 salaries were set at the top of the third quartile in comparison with equivalent roles in London at that time. This reflected the fact that whilst the London Borough of Barking and Dagenham is one of the smaller boroughs in terms of population, it is a community that faces significant challenges and therefore the view was taken that we needed to attract a good choice of senior staff with the appropriate skills and experience.
- 5.1.3 Divisional Directors' salaries were reviewed in December 2010, following structural changes made in preparation for the 2011/12 financial year. Corporate Directors' salaries have not been reviewed since 2008. A recent benchmarking exercise suggests that in most cases the salary levels for Corporate Directors and Divisional Directors are around the median level for posts around London and it is appropriate to pay at that level or just below, given the size of the borough, the state of the employment market and the pressure on LBBDD budgets.
- 5.1.4 The Council is contractually obliged to apply nationally agreed pay awards for Chief Officer grades. The first pay award for a number of years was agreed at the beginning of February, as set out below:

"Agreement has now been reached on rates of pay applicable from 1 January 2015. The individual salaries and salary scales of all officers within scope of the JNC Chief Officers of Local Authorities should be increased by two per cent on guaranteed FTE basic salary of £99,999 or less [as at 31 December 2014]. This pay agreement covers the period to 31 March 2016.

5.2 Chief Executive

- 5.2.1 The new Chief Executive started with the Council on 1st February 2015. It was agreed during the appointment process that the salary for the post would be £165,000.

5.3 Chief Officer Pay Range

5.3.1 The Chief Officer pay range was last reviewed and amended in 2013. The current pay range is as follows:

CO1	£80,314
CO2	£91,558
CO3	£101,196
CO4	£108,661
CO5	£120,000
CO6	£131,757

5.3.2 It is appropriate for there to be some differentiation in pay levels at Chief Officer level because of the differing amounts of risk and responsibility being carried at that level.

5.3.3 The table below sets out the salaries of the chief officer posts referred to in paragraph 3.1 above:

Position	Post Status	Grade of Post	Salary cost to LBB (excl. on-costs)
Chief Executive (Head of Paid Service)	Full time	Individual spot salary	£165,000
Corporate Director, Adult and Community Services	Full time	CO6	£131,757
Corporate Director, Children's Services	Full time	CO6	£131,757
Director of Housing	Filled by interim manager, pending recruitment exercise	-	-
Director of Growth	<i>Vacant</i>		
Director of Public Health	Full time	Individual spot salary	£90,000
Chief Finance Officer (Section 151 Officer)	Full time	Individual spot salary	£111,898
Head of Legal and Democratic Services (Monitoring Officer)	0.5 fte - shared with Thurrock Council	CO2	£45,779
Divisional Director, Human Resources and Organisational Development	Full time	CO2	£91,558
Divisional Director, Regeneration	Full time	CO2	£91,558

Divisional Director, Housing Strategy and Advice	Full time (currently vacant)	CO2	£91,558
Divisional Director, Housing Management	Full time (currently vacant)	CO2	£91,558
Divisional Director, Asset Management and Development	Full time (currently vacant)	CO2	£91,558
Divisional Director, Environment	Full time	CO2	£91,558
Divisional Director, Strategic Commissioning and Safeguarding	Full time	CO4	£108,661
Divisional Director, Complex Needs and Social Care	Full time	CO2 + market supplement (see paragraph 7.4 for further details)	£101,558
Divisional Director, Education	Full time	CO2	£91,558
Divisional Director, Culture and Sport	Full time	CO2	£91,558
Divisional Director, Adult Social Care	Full time	CO2	£89,763
Divisional Director, Commissioning and Partnerships	Full time	CO4	£108,661

5.3.4 The structure proposed in Housing has provisionally been agreed and is as follows:



However, the new Chief Executive is reviewing the role of Divisional Director, Asset Management and Development in particular. An update to the pay policy statement will be provided should the structure be amended.

6. Shared Posts

- 6.1 Where posts are shared, regular payments are made between the respective Councils to meet the salary payments and on-costs.

7. Contingent Pay

- 7.1 The Council pays its Chief Officers a spot salary. There is no element of performance pay, nor are any bonuses paid. No overtime is paid to Chief Officers. There are no lease car arrangements.
- 7.2 The Chief Finance Officer receives a monthly honorarium, which is the equivalent of £8,002 per year, to reflect the particular challenges of the role as we drive forward budget savings and renegotiate our contract with Elevate.
- 7.3 The Head of Legal and Democratic Services also receives a monthly honorarium, which is the equivalent of £9,449 per year, to reflect the additional work undertaken on the contract for legal services with Brentwood District Council and the additional income earned by the Council as a consequence.
- 7.4 The Divisional Director, Complex Needs and Social Care receives a market supplement of £10,000 to recognise the challenges of recruiting in this market.

8. Pensions

- 8.1 All Council employees are eligible to join the Local Government Pension Scheme. The Council does not enhance pensionable service for its employees either at the recruitment stage or on leaving the service, except in certain cases of retirement on grounds of permanent ill-health where the strict guidelines specified within the pension regulations are followed.

9. Other Terms and Conditions

- 9.1 Employment conditions and any subsequent amendments are incorporated into employees' contracts of employment. Chief Officer contracts state:

"Where adopted by the Council for your employment group and unless otherwise indicated in this statement, your terms and conditions of employment are as set out in the NJC (National Joint Council) for Local Government Services otherwise called the "Green Book". These terms and conditions may be supplemented by agreements reached collectively at the Greater London Provincial Council and at the Council's Employee Joint Consultative Committee."

- 9.2 The Council's employment policies and procedures and terms and conditions are reviewed on a regular basis in the light of service delivery needs and any changes in legislation.

10. Election Expenses

- 10.1 The fees paid to Council employees for undertaking election duties vary according to the type of election they participate in and the nature of the duties they

undertake. All election fees paid are additional to Council salary and are subject to normal deductions for tax.

- 10.2 Returning Officer duties (and those of the Deputy Returning Officer) are contractual requirements but fees paid to them for national elections / referendums are paid in accordance with the appropriate Statutory Fees and Charges Order.

11. Termination / Severance Payments

- 11.1 Employees who leave the Council, including the Chief Executive and Chief Officers, are not entitled to receive any payments from the Council, except in the case of redundancy or retirement as indicated below.

11.2 Retirement

- 11.2.1 Employees who contribute to the Local Government Pension Scheme who elect to retire at age 60 or over or who are retired on redundancy or efficiency grounds over age 55 are entitled to receive immediate payment of their pension benefits in accordance with the Scheme. Early retirement, with immediate payment of pension benefits, is also possible under the Pension Scheme with the permission of the Council in specified circumstances from age 55 onwards and on grounds of permanent ill-health at any age.

- 11.2.2 The Council will consider applications for flexible retirement from employees aged 55 or over on their individual merits and in the light of service delivery needs.

11.3 Redundancy

- 11.3.1 Employees who are made redundant are entitled to receive statutory redundancy pay as set out in legislation calculated on their actual salary. The standard London Borough of Barking and Dagenham redundancy scheme applies to Chief Officers. The scheme was amended in November 2011 and a maximum of 45 weeks of actual pay is payable depending on length of service. This scheme may be amended from time to time in accordance with the Council's Constitution

11.4 Settlement Agreements

- 11.4.1 Where an employee leaves the Council's service in circumstances which are, or would be likely to, give rise to an action seeking redress through the Courts from the Council about the nature of the employee's departure from the Council's employment, the Council may settle such claims by way of settlement agreement where it is in the Council's interests to do so. The amount to be paid in any such instance may include an amount of compensation, which is appropriate in all the circumstances of the individual case. Should such a matter involve the departure of a Director or the Chief Executive it will only be agreed following external legal advice that it would be lawful and reasonable to pay it.
- 11.4.2 The government has published a response to the consultation about provisions in the Small Business, Enterprise and Employment Bill which will enable the recovery of exit payments when high earners return to the same part of the public sector within 12 months of leaving. These provisions are intended to ensure that the

taxpayer is not paying out large sums in redundancies only to incur the cost of re-employing the same person in a similar role elsewhere.

- 11.4.3 Once finally agreed, we will reflect these provisions in our own terms and conditions.

12. Fairness

- 12.1 It was agreed that as of 1 January 2013, no permanent member of the Council's staff should be paid less than £9 per hour (excluding those on apprenticeship schemes). This supports the Council's ambition to raise average household incomes and believes this to be an important statement in terms of pay fairness. The Council has also agreed that this should apply to all agency staff working on Council assignments. From 1 January 2015, this minimum rate has increased to £9.20 per hour.
- 12.2 Based on this figure, the Council's pay multiple - the ratio between the highest paid employee, the Chief Executive and lowest paid employee - is 1:9.8 (1:8 in 2014/15, when we had a shared Chief Executive in post).
- 12.3 The ratio between the Chief Executive's salary level and the median earnings figure for all employees in the Council is 1:6.8. The median earnings figure is for all employees as at 1st January 2015 was £24,027 pa.
- 12.4 Across London the average ratio between the highest and lowest salaries is 1 to 5.65, based on an average Chief Executive salary of £183,135 and a median gross pay figure for all staff of £32,400.

13. Any Additional Reward Arrangements

- 13.1 There are none in place.

If there are any enquiries about these arrangements please apply to Martin Rayson, Divisional Director, Human Resources and Organisational Development (martin.rayson@lbbd.gov.uk)