

## LONDON BOROUGH OF BARKING AND DAGENHAM

### PAY POLICY STATEMENT 2013/14

#### 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. The Council agreed its first Pay Policy in March 2012 and this is the second, to cover the 2013/14 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 to achieve its objectives for the communities it serves, it needs to be able to attract and retain talented people at all levels of the organisation. The Council’s People Strategy sets out a range of actions the Council 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 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.

- 2.3 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 is at least the equivalent of the London Living Wage.
- 2.4 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 in most cases we use the HAY job evaluation system. Pay point 49 (£43,368) 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.
- 2.5 Pay rates are generally set against the national pay spine agreed by the National Joint Council (although there are a few exceptions).

### **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 2013/14 financial year, the Council will employ the following number of Chief Officers:

Chief Executive	- 0.5 (shared with Thurrock Council)
Corporate Directors	- 3
Divisional Directors	- 13.5 (one post shared with Thurrock Council)

Where posts are shared with another council, this Council (LBBD) makes a regular payment to that council for the services provided

### **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 and Deputy Leader of the Council (as Chair and Deputy Chair respectively), the relevant Portfolio Holder(s), the Cabinet Member for Finance, Revenues and Benefits, plus at least two other councillors to consider and make final decisions in relation to salaries and conditions for JNC officers (including the Chief Executive) and the grading of any new JNC posts in line with Council policy.

### **5. Current Pay Policy and Base Pay Rates**

#### **5.1 Setting Salary Levels**

- 5.1.1 All 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 All Divisional Director salaries were reviewed in December 2010, following structural changes made in preparation for the 2011/12 financial year. Corporate Director salaries have not been reviewed since 2008. A recent review suggests that in most cases the salary levels for Directors and Divisional Directors are around the median level for posts around London and it is appropriate to pay at that level (rather than at the top of the third quartile as they were in 2008), given the state of the employment market and the pressure on LBBDD budgets.

#### 5.4 **Chief Executive**

The current Chief Executive was appointed on an interim basis in July 2012. The post is shared with Thurrock Council and the salary paid by Thurrock to the post holder is £185,000. The cost to this Council is therefore £92,500 annually. The previous Chief Executive was on a salary of £150,000 and the Council is therefore making a saving of around £75,000 when on-costs are taken into account.

#### 5.5 **Corporate Directors**

The three remaining Corporate Directors are on the following salary points:

Adult and Community Services	Chief Officers.CH IEFO.0	131,757.00
Children's Services	Chief Officers.CH IEFO.0	131,757.00
Housing & Environment	Chief Officers.CH IEFO.0	131,757.00

The post of Corporate Director Finance and Resources, which became vacant when the previous post holder left in September 2012, has not been filled. The salary paid to that individual was £145,000.

#### 5.6 **Divisional Directors**

There are four spot salary levels for these posts:

CO1 - £70,332	0 posts
CO2 - £78,740	1 posts

CO3 - £89,763	8.5 posts
CO4 - £108,661	3 posts

It is appropriate for there to be some differentiation in pay levels at Divisional Director level because of the differing amounts of risk and responsibility being carried at that level. The 0.5 post is shared with Thurrock Council who reimburse this Council for 50% of the cost.

## **6. Director of Public Health**

- 6.1 Following the transfer of responsibility for public health to local authorities, we have from 1st April 2013, established a Director of Public Health post. The post holder will transfer across from the NHS on current pay (£90,000) and terms and conditions, under TUPE.

## **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 There are three additional historic payments made to senior staff over and above basic salary:

Divisional Director of Finance - £3,237 per annum (market supplement)

Divisional Director of Complex Needs and Social Care - £10,000 per annum (market supplement)

Divisional Director of Housing Strategy - £257.52 per annum (experience and length of service payment)

## **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 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 Compromise 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 compromise 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.

## **12. Fairness**

- 12.1 In November 2011, the Council's Cabinet agreed that no member of staff in a substantive post should be paid less than the London Living Wage. In November 2012 the Mayor of London announced that the London Living Wage would increase to £8.55 per hour (from £8.30). Cabinet have 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.
- 12.2 The equivalent annual salary to £9 per hour is £16,425. Based on this figure, the Council's pay multiple - the ratio between the highest paid employee and lowest paid employee - is now 1:8 (previously 1:10), if we consider the Council's highest paid employees to be the Corporate Directors on salaries of £131,757 per annum. However if we take the Chief Executive's full salary as the comparator, the ratio has increased to 1:11.26.
- 12.3 The ratio between the taxable earnings for the Corporate Directors' salaries and the median earnings figure for all employees in the Council is 1:6.5 (1:9.15 when compared to the Chief Executive's full salary). The median earnings figure is for all employees as at December 2012 was £20,205 pa.
- 12.4 The table below gives a comparison of the ratio of highest to median salary in other London Boroughs, where information is available:

<b>Ratio</b>	<b>Number</b>
1:10 and above	5
Between 1:7 and 1:10	7
Between 1:5 and 1:7	12

## **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)