

LONDON BOROUGH OF BARKING AND DAGENHAM

PAY POLICY STATEMENT 2016/17

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 presents the expected position at 1 April 2016.
- 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. Organisational Context

- 2.1 The Council recognises that if it is to serve its communities well and deliver the agreed vision and objectives of the Council, it needs to be able to attract and retain talented people at all levels of the organisation. The Council continues to face very significant budget and demand challenges. We have put in place a programme of activities to address the challenges we face called “Ambition 2020”, which will fundamentally review what this Council does, how services are structured and the way that it operates. Going forward this will have a considerable impact on our staff and we are working to understand what this will be, engaging with our staff and their representatives as we do so.
- 2.2 What we do know is that it is even more important to be in a position to recruit and retain talented people who will enable this Council to be successful. We have strengthened our senior management team in a number of areas, in order to give us capacity to take forward Ambition 2020 and the associated “Growth Commission” and this is reflected in this Pay Policy Statement. The number of senior posts has increased, but this is on a temporary basis and the structure will be reviewed again once Ambition 2020 is well-advanced to ensure that we have an affordable senior structure for the future and one capable of delivering within the new Council structure.

3. Pay and Reward Principles

- 3.1 Our approach to pay and reward continues to be based on the following principles:

- 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.

3.2 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 (£44,766) 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.

3.3 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. The Council has committed to pay no less than the “London Living Wage” and ensure that none of its own staff, or agency workers working with the Council, are paid less than £9.40 per hour from 1 January 2016.

4. Defining “Chief Officers”

4.1 At the start of the 2016/17 financial year, the Council expects to have within its structure the following Chief Officer posts:

- Chief Executive (Head of Paid Service)
- Strategic Director – Service Development & Integration
- Strategic Director – Customer, Commercial & Service Delivery
- Strategic Director – Finance & Investment (Section 151 Officer)
- Strategic Director – Growth & Homes
- Corporate Director of Children’s Services
- Director of Law & Governance - Monitoring Officer (0.7fte)
- Lead Divisional Director for Adults and Community Services
- Director of Public Health
- Divisional Director - Finance
- Divisional Director – Strategy & Programmes
- Divisional Director - Regeneration
- Divisional Director - Housing Strategy & Advice
- Divisional Director – Housing Management
- Divisional Director - Strategic Commissioning and Safeguarding
- Divisional Director – Care & Complex Needs
- Divisional Director – Education, Youth & Childcare
- Divisional Director - Culture and Sport
- Divisional Director - Adult Social Care

5. Accountability for Chief Officers Pay

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

5.2 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.

6. Current Pay Policy and Base Pay Rates

6.1 Setting Salary Levels

6.1.1 Chief Officer roles are evaluated using the HAY job evaluation system. There is a commitment to review salary levels about every three years. In undertaking reviews, account is taken of the market, particularly the market in London, to ensure we can compete successfully for the talent we need to lead and manage in the current challenging environment. The salary benchmarking information we have comes from the LGA ePayCheck survey. The latest information we have is from 2014/15. There was a 91% response rate to this survey among London Boroughs. The median rates of pay for roles in London, based on the information from the survey, were as follows:

CX	- £175,313
Exec Director	- £133,725
Director	- £102,977
Assistant Director	- £89,869 (pre 1% pay award in April 2015, for roles below £100k)

6.1.2 This data shows that LBBDD pays at or below the median pay rates for senior roles. This also reflects the advice given by recruitment consultants in the recent exercises undertaken to recruit to the roles of Chief Executive and Strategic Director.

6.1.3 The Council is contractually obliged to apply nationally agreed pay awards for Chief Officer grades.

6.2 Chief Executive

6.2.1 The salary for the Chief Executive, agreed at appointment in November 2014, is £165,000.

6.3 Chief Officer Pay Range

6.3.1 The Chief Officer pay range was last reviewed and amended in 2013. There are no proposals to review this pay range in 2016/17. 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

6.3.2 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.

6.3.3 The table below sets out the salaries of the chief officer posts referred to in paragraph 4.1 above:

Position	Grade of Post	Salary cost to LBBD (excl. on-costs)
Chief Executive (Head of Paid Service)	Individual spot salary	£165,000
Strategic Directors and Corporate Director	CO6	£131,757
Divisional Directors	CO2 – CO4	£91,558 - £108,661
Director of Public Health	Individual spot salary	£90,000

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 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 and responsibilities they undertake. All election fees paid are additional to Council salary and are subject to normal deductions of 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 The Government is introducing, through the Small Business, Enterprise and Employment Act 2015, a £95,000 cap on “exit payments”. Regulations will be inserted by the Enterprise Bill 2015-16 and a date for implementation is expected in 2016. This will limit the amount a public sector worker could be paid for losing their job to £95,000. This will apply to all staff but predominately high earners and will cover:

- Redundancy payments
- Payments on voluntary exits
- Pension strain costs
- Severance or ex-gratia payments
- Payment for outstanding entitlement
- Compensation under the terms of a contract
- Pay in lieu of notice
- Any other payments made as a result of loss of employment.

11.3 A different set of regulations, The Repayment of Public Sector Exit Payment Regulations 2015, will come into force on 1 April 2016 which will set out the liability to repay any exit payment if the exit payee returns to the same ‘sub-sector’ within 12 months of receiving the payment. If they return to the same sub-sector within 28 days the whole amount is due, thereafter tapering arrangements become operational. The Assembly may exercise a waiver to exclude such a repayment. If a waiver is issued it must be published along with the reasons for doing so in the

preceding twelve months at the beginning of a financial year or published in the annual accounts. Guidance is awaited on the exercise of a waiver. If reclaimed an exit repayment is made to the 'old' employer and the sum passed through to the Treasury.

12. Retirement

- 12.1 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.
- 12.2 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.

13. Redundancy

- 13.1 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 all officers. The scheme was amended as part of the savings proposals for the 2016/17 financial year. At present, a redundancy multiplier applies and a maximum of 45 weeks of actual pay is payable depending on length of service. From 1 October 2016, there will be no multiplier and the maximum will be 30 weeks.
- 13.2 A voluntary redundancy scheme was introduced on 1 February which will remain open until 30 May 2016.

14. Settlement Agreements

- 14.1 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 a 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. Legal advice will be sought in all cases. Should such a matter involve the departure of a Strategic Director or the Chief Executive it will only be agreed following receipt of external legal advice that it would be lawful and reasonable to do so.

15. Fairness and Equality

15.1 Pay Ratios

- 15.2 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 local household

incomes, and reflects its commitment to pay fairness. The Council has also agreed that this should apply to all agency staff working on Council assignments. This minimum rate increased to £9.40 per hour (equivalent to an annual salary of £17,154) with effect from 1 January 2016.

- 15.3 Based on this figure, the Council's pay multiple - the ratio between the highest paid employee, the Chief Executive and lowest paid employee - is 1:9.6 (1:9.8 in 2015/16).
- 15.4 The ratio between the Chief Executive's salary level and the median earnings figure for all employees in the Council is 1:8:6. The median earnings figure is for all employees at 1 April 2016 was £19,182 pa.
- 15.5 Across London the average ratio between the highest and median salaries is 1 to 7, based on a Chief Executive's average of £181,500 (taken from London Councils 2015 Senior Staff Pay Data). The variance in LBBB is attributable to the retention of in-house services such as catering and cleaning.

16. Any Additional Reward Arrangements

- 16.1 There are none in place.