

PAY POLICY STATEMENT 2018/19

Report of the County Solicitor & Head of Organisational Development

Recommendation: that the Committee:

- (a) endorse the proposed amendments to the Pay Policy Statement and commend the revised Statement for 2018/19 to the Council
- (b) note the leadership roles and salary rates, which are unchanged except for the nationally agreed 2016/18 Pay Award of 1%.

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### **1. Introduction**

- 1.1. The Pay Policy Statement, required under the Localism Act 2011, forms part of the Constitution of Devon County Council. It is a statutory requirement of the Pay Policy Statement that the Statement should be reviewed annually.
- 1.2. The Pay Policy Statement specifies that salaries for Chief Officers and Heads of Service on Leadership Grades are fixed for the duration of the Policy and are to be reviewed annually by the Appointments and Remuneration Committee.

### **2. Proposals**

- 2.1. The draft Pay Policy Statement (**Appendix 1**) continues to reflect the Government's proposal to implement various pieces of legislation to restrict exit payments for public sector workers. The implementation date is still to be confirmed. The proposals include:
  - 2.1.1. a £95,000 Exit Payments Cap, covering all types of exit payment including those for voluntary and compulsory redundancy and other severance payments as well as employer funded contributions to access a pension early
  - 2.1.2. the Public Sector Exit Payment Recovery Regulations, which propose the recovery of public sector exit payments where high earners (over £80,000 per annum) return to any part of the public sector within 12 months of receiving such a payment and
  - 2.1.3. the Further Reforms to Public Sector Exit Payments, which propose changes to limit the amount of redundancy compensation payments and limiting the amount of employer funded top-ups for early retirement across the various public sector compensation schemes.
- 2.2. The draft Pay Policy Statement also continues to reflect a potential future review of terms and conditions and the Authority's wider reward strategy, particularly bearing in mind the pay and grading implications of the National Living Wage, the current National Joint Council (NJC) Review of the Pay Spine and other issues such as recruitment and retention and the changing nature of work and roles within the Authority.

- 2.3. The Authority has a longstanding Market Supplement Policy which can be utilised in circumstances where it is not possible to recruit or retain particular staff or categories of staff because of market conditions. The Policy is subject to clear principles and if agreed, the market supplement is a temporary addition to the basic pay of the role and is reviewed annually. Considering increasing pressures in certain occupational areas, such as children's social work, there has been an increase in the use of market supplements within the Authority and therefore, to ensure transparency, the market supplement policy has been included as an additional paragraph in this year's Pay Policy Statement. For information, as at 15<sup>th</sup> November 2017 there were 8 job roles which were subject to a market supplement, which comprises of 89 employees at a total cost of £259,500 per annum. This represents just 2.1% of the workforce (excluding schools) and 0.14% of the overall pay bill (excluding schools).
- 2.4. The Pay Policy Statement refers to the Authority's regard to the new legal requirement to report annually on the Authority's Gender Pay Gap, in accordance with the Equality Act 2010 (Specific Duties and Public Authorities) Regulations 2017. The first Gender Pay Gap submission to the Government is due by 31<sup>st</sup> March 2018 and will also be reported on the Authority's website at that time.
- 2.5. **Appendix 2** sets out the current senior management roles and salary levels. The Head of Planning, Transportation and Environment post has been re-evaluated to L3, using the Hay Job Evaluation Scheme, in the light of the role's expanded responsibilities and budgets. No other changes are proposed to the salary levels.

### **3. Financial and Other Implications**

- 3.1. The proposed implementation of the various exit payments legislation and the change to the Authority's wider reward strategy will have a financial impact, but the exact details are not known at this stage.
- 3.2. This Report and the accompanying Statements have no specific equality, sustainability, legal, financial or public health implications that are not already covered by or subsumed within the detailed policies or requirements referred to therein.

### **4. Conclusion**

- 4.1. It is recommended that the Appointments and Remuneration Committee consider the proposals, make recommendations and endorse any proposed variations for submission to the County Council for ratification on 15<sup>th</sup> February 2018 and amendment of the Constitution accordingly in line with statutory requirements.

**Jan Shadbolt, County Solicitor &  
John Smith, Head of Organisational Development**

[Electoral Divisions: All]

### **Local Government Act 1972: List of Background Papers**

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| <b><u>Background Paper</u></b> | <b><u>Date</u></b> | <b><u>File Reference</u></b> |
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## Pay Policy Statement (April 2018 - March 2019)

### 1. Introduction

- 1.1. This document sets out Devon County Council's pay policy statement which will be reviewed annually.
- 1.2. The statement sets out the Council's policies relating to the remuneration of chief officers/heads of service, senior officers and officers and the relationship between the remuneration of the highest and lowest paid. Remuneration for the purpose of this statement includes basic salary, any other allowances and any payments made upon the cessation of employment.
- 1.3. The key principles underpinning this pay policy statement are:
  - 1.3.1. **Affordability** – ensuring remuneration policies represent value-for-money for the taxpayer.
  - 1.3.2. **Fairness** – ensuring remuneration policies are fair to all employees, ranging from the most senior post to the most junior post.
  - 1.3.3. **Meeting legislative requirements** – ensuring remuneration policies comply with all legal obligations, such as the Equal Pay Act and Equality Act 2010 (Specific Duties and Public Authorities) Regulations 2017 regarding gender pay gap reporting.
  - 1.3.4. **Market Awareness** – ensuring due regard is taken of the market, both nationally and locally in the South West, and that this policy is in line with councils of a similar size and/or in a similar labour market.

### 2. Officers (including Lowest Paid Employees)

- 2.1. Officers are defined as those on [grades A-T](#).
- 2.2. Lowest Paid Employees at the County Council are defined as employees paid on Spinal Column Point 6 of the National Joint Council for Local Government Services (NJC) Pay Scale. This definition has been adopted as it is the lowest level of remuneration attached to a post in the Council.
- 2.3. Officers are employed under NJC terms and conditions.
- 2.4. The adoption of the NJC Pay Scale was jointly agreed by the County Council and NJC recognised Trade Unions as part of Single Status implementation.
- 2.5. The County Council uses the Greater London Provincial Council (GLPC) job evaluation scheme to determine an employee's position on the NJC pay scale (and therefore their pay level).
- 2.6. Officers are eligible for annual incremental increases up the NJC pay scale until they reach the top of their grade.
- 2.7. Any annual pay awards are determined by national NJC agreement.
- 2.8. Officer appointment, remuneration and terms in the event of the cessation of employment are in line with paragraph 4 of the Chief Officer Employment Procedure Rules, Council employment policy and statutory regulations and guidance.
- 2.9. Certain staff groups, defined as 'officers' within this Pay Policy Statement, are employed on separate terms and conditions which reflect relevant national agreements. These include teachers and some staff employed within social care or Public Health who are on NHS/health terms and conditions.

### 3. Senior Officers

- 3.1. Senior Officers are defined as those on grades L9-L5 for non Head of Service posts.
- 3.2. Senior officers are employed under Joint Negotiating Committee for Chief Officer (JNC) terms and conditions.
- 3.3. Senior Officers are remunerated on a local pay scale.
- 3.4. The Hay job evaluation scheme is used to determine an employee's position on the local pay scale (and therefore their pay level).

3.5. The County Council operates a tiered pay scale for Senior Officers. Each tier has a spot salary and there is no incremental progression or salary increase, other than any annual pay awards which are determined by national JNC agreement.

#### 4. Chief Officers and Heads of Service

4.1. Chief Officers and Heads of Service are defined as follows:

4.1.1. **Chief Officers** - Chief Executive, the Chief Officers for Children's Services, for Adult Care & Health, for Communities, Public Health, Environment & Prosperity (Director of Public Health, see paragraph 7) and for Highways, Infrastructure, Development & Waste; County Treasurer (Chief Finance Officer) and County Solicitor (Monitoring Officer) on Devon County Council Grades L0-L3 and the Director of Public Health-(see paragraph 7).

4.1.2. **Heads of Service** – either holders of posts defined locally who comprise the Council's Leadership Team appointed by the Appointments and Remuneration Committee and the Local Government and Housing Act 1989 or who fall within the category of non-statutory officer (as set out in the Local Government and Housing Act 1989), on Devon County Council Grades L2-L4.

4.2. All Chief Officers and Heads of Service are employed under Joint Negotiating Committee for Chief Executive or Chief Officer (JNC) terms and conditions (except for the Chief Officer for Communities, Public Health, Environment and Prosperity (Director of Public Health – see paragraph 7)).

4.3. The County Council operates a [tiered pay scale](#) for Chief Officer and Heads of Service posts (except the Chief Officer for Communities, Public Health, Environment and Prosperity Director of Public Health – see paragraph 7)). Each tier has a fixed, spot salary and there is no incremental progression. The Hay job evaluation scheme is used to determine an employee's position on the scale (and therefore their pay level).

4.4. The Appointments and Remuneration Committee will consider and recommend the appointment, remuneration and terms in the event of the cessation of employment of any substantive posts of Chief Officers and Heads of Service, in line with its Terms of Reference, the Pay Policy Statement, Chief Officer Employment Procedure Rules, the Council's employment policy and statutory regulations and guidance.

4.5. The Appointments and Remuneration Committee would not normally recommend the re-employment of individuals to Chief Officer positions who have recently left the Council (for any reason) in any capacity (either as an employee, consultant or contractor). If this does occur, it will be subject to the provisions of the Modification Order.

4.6. Salaries are fixed for the duration of this policy and reviewed annually by the Appointments and Remuneration Committee. Any variation from the fixed salary during the period of this policy (either for an existing Chief Officer/Head of Service or for the appointment of a new Chief Officer/Head of Service) requires approval from the County Council, except in the case of any annual pay awards which are determined by national JNC agreement.

4.7. The County Solicitor is the County Returning Officer and Returning Officer fees paid are in line with the guidance stipulated from the Ministry of Justice for the relevant elections.

4.8. The County Council has adopted the Code of Recommended Practice for Local Authorities on Data Transparency, in respect of its approach to publication of and access to information relating to the remuneration of Chief Officers/Heads of Service. Pay levels for all Chief Officers/Heads of Service posts are published on the [County Council's website](#) and/or in the [Annual Statement of Accounts](#).

## 5. Terms and Conditions for all employees

- 5.1. The County Council does not operate a performance-related pay scheme for any employee.
- 5.2. The County Council does not pay bonuses to any employee.
- 5.3. **The County Council may pay a market supplement in circumstances where it is not possible to recruit or retain particular staff or categories of staff, subject to the principles set out in the Council's Market Supplement Policy. The market supplement is a temporary addition to the basic pay of the role and is reviewed annually. Market supplements paid to the highest paid employees will be published in the [Annual Statement of Accounts](#).**
- 5.4. Travel and subsistence expenses incurred on County Council business are reimbursed to employees. Reimbursement of expenses is governed by the principle that employees should not be financially advantaged or disadvantaged in carrying out their duties and all employees are subject to the same policy. Expenses and any benefits-in-kind for the highest paid employees will be published in the [Annual Statement of Accounts](#).
- 5.5. The County Council does not pay fees on behalf of any employees, though this is subject to change in exceptional circumstances where there is an appropriate business case. Any fees paid to the highest paid employees will be published in the [Annual Statement of Accounts](#).
- 5.6. Allowances are paid in line with NJC terms and conditions (for Officers) or JNC terms and conditions (for Senior Officers and Chief Officers/Heads of Service), or by local agreement where appropriate. Any allowances paid to the highest paid employees will be published in the [Annual Statement of Accounts](#).
- 5.7. All employees are subject to the same terms and conditions in respect of termination of employment. The only exception to this is Chief Officers who are subject to a modified disciplinary procedure which is outlined in paragraph 9 of the Chief Officer Employment Procedure Rules.
- 5.8. All non-teaching employees are eligible to join the Local Government Pension Scheme (LGPS). The County Council does not augment pensionable service. The Council's employer severance and pension discretions, allowed under the LGPS regulations, apply to all employees.
- 5.9. The Council will apply the Government's various legislative proposals related to public sector exit payments, when these arrangements take effect.
- 5.10. During the year the Council will continue to explore and consult upon, with the aim of agreeing, changes to employee terms and conditions, to ensure that they are fit for purpose for a changing council.

## 6. Relationship between Chief Officers and employees who are not Chief Officers

- 6.1. Senior Officers and Chief Officers/Heads of Service receive no special enhancements to benefits or terms and conditions.
- 6.2. The Hutton Review recommends a maximum ratio of the highest remunerated post compared with the lowest remunerated post of 20:1. The County Council has adopted this recommendation. It is the Council's policy that this ratio will not exceed 20:1 and it will be reviewed annually by the Appointments and Remuneration Committee.
- 6.3. The current ratio of the highest paid post to the lowest paid post at the County Council is **10:1**<sup>1</sup>, based on the lowest paid post being at spinal column point 6.
- 6.4. The ratio of the median average pay level to the highest paid post at the County Council is **8:1**<sup>2</sup>
- 6.5. The ratio of the mean average pay for Chief Officers/Heads of Service to non Chief Officers/Heads of Service is **5:1**<sup>3</sup>.

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<sup>1</sup> The 2017/18 reported Pay Policy Statement ratio was 10:1.

<sup>2</sup> 2017/18 Pay Policy Statement ratio was 9:1.

<sup>3</sup> 2017/18 Pay Policy Statement ratio was 5:1.

## **7. Director of Public Health**

- 7.1. Devon County Council assumed public health responsibilities (in line with the Health and Social Care Act 2012) from April 2013 and employs a Director of Public Health, who is defined as a Chief Officer, as described at paragraph 4.1.
- 7.2. The Director of Public Health and a number of other Devon Public Health employees transferred from the NHS to Devon County Council in accordance with the principles of the Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE) with effect from 1st April 2013. In practice this means that the existing terms and conditions of employment of transferring employees are protected at the point of transfer and they currently continue to be paid on NHS pay rates and not NJC or JNC terms.

## Leadership Grades

|                                                                                                                                                                                                                                                                                                                                                                                                                                            |          |                                                                                                                                                                                                                                                                                                                                                                  |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| L9                                                                                                                                                                                                                                                                                                                                                                                                                                         | £47,311  | Senior management roles                                                                                                                                                                                                                                                                                                                                          |
| L8                                                                                                                                                                                                                                                                                                                                                                                                                                         | £53,152  |                                                                                                                                                                                                                                                                                                                                                                  |
| L7                                                                                                                                                                                                                                                                                                                                                                                                                                         | £59,201  |                                                                                                                                                                                                                                                                                                                                                                  |
| L6                                                                                                                                                                                                                                                                                                                                                                                                                                         | £65,231  |                                                                                                                                                                                                                                                                                                                                                                  |
| L5                                                                                                                                                                                                                                                                                                                                                                                                                                         | £78,038  |                                                                                                                                                                                                                                                                                                                                                                  |
| L4                                                                                                                                                                                                                                                                                                                                                                                                                                         | £88,443  | Head of Digital Transformation and Business Support<br><del>Head of Planning, Transportation and Environment</del>                                                                                                                                                                                                                                               |
| L3                                                                                                                                                                                                                                                                                                                                                                                                                                         | £98,848  | Chief Officer for Highways, Infrastructure, Development and Waste<br>Head of Organisational Development<br>Head of Children's Social Care*<br>Head of Education and Learning<br>Head of Adult Commissioning and Health<br>Head of Adult Care Operations and Health<br>Head of Economy, Enterprise and Skills<br>Head of Planning, Transportation and Environment |
| L2                                                                                                                                                                                                                                                                                                                                                                                                                                         | £107,110 | County Treasurer<br>County Solicitor                                                                                                                                                                                                                                                                                                                             |
| L1                                                                                                                                                                                                                                                                                                                                                                                                                                         | £132,608 | Chief Officer for Adult Social Care and Health<br>Chief Officer for Children's Services                                                                                                                                                                                                                                                                          |
| L0                                                                                                                                                                                                                                                                                                                                                                                                                                         | £149,995 | Chief Executive                                                                                                                                                                                                                                                                                                                                                  |
| <p>In addition to the heads of service and chief officers above, the Council employs the Chief Officer for Communities, Public Health, Environment and Prosperity on NHS pay rates, on a current salary of £103,490 plus allowances.</p> <p>*plus market supplement.</p> <p>The rates of pay reflect the 1% pay award which was agreed nationally as part of the 2016/18 JNC Agreement and took effect from 1<sup>st</sup> April 2017.</p> |          |                                                                                                                                                                                                                                                                                                                                                                  |