

**ANNUAL REVIEW OF PAY POLICY STATEMENT, CHIEF OFFICER EMPLOYMENT PROCEDURE RULES AND LEADERSHIP PAY**

Report of the Head of Human Resources

**Recommendations:**

- (a) that the Committee endorse the proposed amendments to the Appointment and Remuneration Committee Terms of Reference, Pay Policy Statement and Chief Officer Employment Procedure Rules and commend them to the Council.
- (b) that the Committee agree to continue with the current pay rates for the Leadership Grade, L0-L4, in the next financial year 2014-15.

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**1. Introduction**

The Pay Policy Statement, which is a requirement of 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.

Since publication of the 2013-14 Pay Policy Statement, supplementary guidance has been received from the Secretary of State, which states that Pay Policy Statements should make reference to any payments offered to employees leaving the Council. Guidance has also been received from Public Health England regarding the appointment and remuneration of Directors of Public Health.

The Pay Policy Statement specifies that salaries for Chief Officers and Heads of Service on Leadership Grades L0-L4 are fixed for the duration of the Policy and are to be reviewed annually by the Appointments and Remuneration Committee.

This year's Pay Policy Statement also makes reference to changes to employee terms and conditions of employment, including current policy on discretionary redundancy compensation arrangements, to ensure that they are fit for purpose for a changing council, with a view to changing terms with effect from 1 April 2015.

**2. Proposals**

**Revisions to the Appointment and Remuneration Committee Terms of Reference, Pay Policy Statement and Chief Officer Employment Procedure Rules**

To take account of the Secretary of State and Public Health England's guidance and to make the documents more 'user friendly', by rearranging text and avoiding duplication, it is proposed that the Appointments and Remuneration Committee Terms of Reference and the Pay Policy Statement and Chief Officer Employment Procedure Rules be revised, as shown in appendices A-C. In summary, the changes to the Pay Policy Statement and Chief Officer Employment Procedure Rules are:

- Minor revisions to the Appointments and Remuneration Committee's terms of reference to reflect its delegated responsibilities (appendix A)
- Inclusion in the Pay Policy Statement introduction that the definition of remuneration refers to all benefits paid to employees including any terms agreed upon the cessation of employment (appendix B, para 1)

- Reference to the role of the Appointments and Remuneration Committee (for Chief Officers/Heads of Service) and the Council's managers (for all other employees) in determining the terms in the event of the cessation of employment and that such terms should be in accordance with the Council's employment policies (including severance and pension compensation discretions policy) and statutory regulations and guidance. The only exception to this is where terms upon the cessation of employment for any employee require Council approval, in line with the guidance issued by the Secretary of State (Appendix B, para 2.7, 3.7, 4.4. Appendix C, para 2, 4, 8.2)
- Reference to the fact that the employer severance and pension compensation discretions, as set out in the Redundancy and Efficiency Leavers Policy have previously been agreed and should therefore be adhered to by the Appointment and Remuneration Committee (as one of the Council's employment policies) (Appendix C, para 8.2.1)
- Removal of the reference to the grade D2 as this grade was removed prior to the 2013/2014 pay policy statement.
- Update to the Public Health paragraph as the County Council now holds these responsibilities (Appendix B, para 7)
- Inclusion, for clarity, of a new section in the Pay Policy Statement entitled 'Terms and Conditions of All Employees', which includes paragraphs previously contained in the Chief Officer/Heads of Service section, but which do apply to all employees (Appendix B, para 5)
- Reference to Cabinet/CLT's proposal to explore changes to employee terms and conditions of employment, including current policy on discretionary redundancy compensation arrangements (Appendix B, para 5.8)
- Inclusion, for clarity, that senior officer pay awards are in line with the JNC Chief Officer national agreement pay awards (Appendix B, para 3.6)
- Reference to the drafting of a job description and specification when looking to appoint to a Chief Officer/Head of Service role and that the experience, skills and knowledge required, as well as qualifications, should be included (Appendix C, para 7.3.1)
- Reference to the need for a 'selection process' to appoint to a Chief Officer/Head of Service role, instead of an 'interview', to recognise that the process may involve more than just a formal interview (Appendix C, para 7.3.1)
- Inclusion of the need for the Appointments and Remuneration Committee to have due regard to Public Health England's guidance on the appointment and remuneration of Directors of Public Health (Appendix C, para 3)
- More links to other sources of information, available on the Council's website.

#### **Leadership Pay Rates 2014/15**

In line with the requirement to review Chief Officer and Heads of Service Leadership pay rates, DCC has taken part in a regional pay survey and obtained benchmarking information from other South West Authorities. Based upon the data gathered, there appears to be no justification to recommend an amendment to the current Leadership Grade structure or rates of pay (as set out at Appendix D) for the next financial year.

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

Should the recommendations of this paper be agreed there are no financial consequences for the Council. 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**

It is recommended that the Appointments and Remuneration Committee endorse the proposed variations for submission to the County Council for ratification on 20<sup>th</sup> February 2014 and amendment of the Constitution accordingly in line with statutory requirements.

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Head of Human Resources

**[Electoral Divisions: All]**

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## 9.2 Appointments and Remuneration Committee

To make recommendations, as appropriate, to the Council on the discharge of its duties in relation to:

- (a) the appointment and conditions of service of Chief Officers, being the Head of Paid Service, Strategic Directors, County Treasurer (Chief Finance Officer), County Solicitor (Monitoring Officer), Director of Public Health and Heads of Service in line with the Council's Pay Policy Statement;
- (b) any reports from the Chief Executive in relation to a change in the manner in which the discharge of the Council's functions is co-ordinated and the number and grades of officers;
- (c) disciplinary action against or the dismissal of Officers at (a) above;
- (d) the remuneration and terms in the event of the cessation of employment of Officers at (a) above;

To review annually (or as otherwise determined), and recommend to the County Council the adoption of the Pay Policy Statement and the remuneration of Chief Officers and Heads of Service, in line with that Statement and Chief Officer Employment Procedure Rules set out at Part 6 of this Constitution.

~~To review annually and recommend to the County Council the adoption of a Pay Policy Statement.~~

## Pay Policy Statement (April 2014 - March 2015)

### 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
  - 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. Lowest Paid Employees at the County Council are defined as employees paid on Spinal Column Point 5 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.
- 2.2. Officers are employed under NJC terms and conditions.
- 2.3. 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.
- 2.4. 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).
- 2.5. Officers are eligible for annual incremental increases up the NJC pay scale until they reach the top of their grade.
- 2.6. Any annual pay awards are determined by national NJC agreement.
- 2.7. 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.

### 3. Senior Officers

- 3.1. Senior Officers are defined as those on grades D6–D3 and grades L2-L4 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 which was agreed with Trade Unions at the implementation of Single Status.
- 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. Senior Officers are eligible for annual incremental increases up the local pay scale until they reach the top of their grade.
- 3.6. Any annual pay awards are determined by national JNC agreement.
- 3.7. Senior Officers 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.

#### 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, Strategic Director, County Treasurer (Chief Finance Officer) and County Solicitor (Monitoring Officer) on Devon County Council Grades L0-L2 and the Director of Public Health (see paragraph 7).
  - 4.1.2. **Heads of Service** - holders of posts defined locally who comprise the Council's Leadership Team appointed by the Appointments and Remuneration Committee and fall within the category of non-statutory officer in s2(7) of the Localism Act, on Devon County Council Grades L2-L4.
- 4.2. All Chief Officers and Heads of Service are employed under Joint Negotiating Committee for Chief Officer (JNC) terms and conditions (except for the 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 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 Chief Officer/Head of Service, in line with its [Terms of Reference](#), the [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 Modifications 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.
- 4.7. The County Solicitor is the 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, but does have a performance related appraisal scheme.
- 5.2. The County Council does not pay bonuses to any employee.
- 5.3. 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](#).

- 5.4. 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](#).
- 5.5. 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](#).
- 5.6. 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](#).
- 5.7. 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.
- 5.8. During the year the Council will explore changes to employee terms and conditions, including current policy on discretionary redundancy compensation arrangements, to ensure that they are fit for purpose for a changing council, with a view to changing terms with effect from 1 April 2015.

## **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 12:1, based on the lowest paid post being at spinal column point 4.
- 6.4. The ratio of the median average pay level to the highest paid post at the County Council is 9:1.
- 6.5. The ratio of mean average pay for Chief Officers/Heads of Service to non Chief Officers/Heads of Service is 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.

## Chief Officer Employment Procedure Rules

1. These Rules shall be regarded as Standing Orders of the Council for the purposes of The Local Authorities (Standing Orders) (England) Regulations 2001 ('the 2001 Regulations').
2. An Appointments and Remuneration Committee will make recommendations, as appropriate, to the Council with regard to the appointment, remuneration, conditions of service and cessation of employment (including any terms upon cessation) of Chief Officers and Heads of Service, as defined in the Council's [Pay Policy Statement](#) and the Committee's [Terms of Reference](#). The Committee will comprise of the Leaders of the Party Political Groups and two Cabinet Members nominated by the Leader of the Council (one of whose remits shall, normally, be responsible for the relevant service area within which the Officer would be employed).
3. In addition to the requirements of paragraph 2 above, the Council will have due regard to guidance issued by [the Faculty of Public Health and Public Health England](#) on the appointment and remuneration of the Director of Public Health.
4. The appointment, remuneration, conditions of service and cessation of employment (including any terms upon cessation) of all other officers, as defined in the Council's [Pay Policy Statement](#), shall be the responsibility of the Head of Paid Service or his/her nominee and shall not be made by members, except in circumstances where terms upon the cessation of employment require Council approval, in line with statute or guidance issued by the Secretary of State, where paragraphs 8.2 and 8.3 will apply.
5. The appointment, remuneration, conditions of service and cessation of employment (including any terms upon cessation) of an assistant to a political group shall be made in accordance with the wishes of that political group.
6. In all cases, due regard will be given to the Council's employment policies and statutory regulations and guidance.

### 7. Recruitment and appointment

#### 7.1. Declarations

- 7.1.1. The application of any candidate for appointment shall state whether he or she is the parent, grandparent, partner, child, stepchild, adopted child, grandchild, brother, sister, uncle, aunt, nephew or niece of a member or another officer of the Council or is the partner of such a person. Partners include husbands, wives and civil partnerships.

#### 7.2. Seeking support for appointment

- 7.2.1. The Council will disqualify any applicant who directly or indirectly seeks the support of any member for an appointment with the Council. The content of this paragraph shall be included in any recruitment information.
- 7.2.2. No member shall lobby on behalf of a candidate for an appointment with the Council.

#### 7.3. Appointment of Chief Officers and Heads of Service

- 7.3.1. The Appointments and Remuneration Committee will:
  - 7.3.1.1. draw up a job description and specification setting out the duties of the post and the experience, knowledge, skills and qualifications to be sought in the person to be appointed
  - 7.3.1.2. determine the remuneration and other terms and conditions for the post, taking into account the Pay Policy Statement, employment policy and statutory regulations and guidance



- 7.3.1.3. make arrangements for the post to be advertised in such a way as is likely to bring it to the attention of persons who are qualified to apply for it and for a copy of the job description and approved terms and conditions of the post to be sent to every applicant
- 7.3.1.4. undertake a selection process for all qualified applicants
- 7.3.1.5. make a recommendation to the Council upon an appropriate appointment.
- 7.3.2. The Appointments and Remuneration Committee will normally be advised by the Head of Human Resources provided that in relation to remuneration issues where appropriate it will be advised by the Director of South West Provincial Employers, or other suitably qualified person or organisation.
- 7.3.3. In the event that the Committee is unable to make an appointment, it will be responsible for agreeing what alternative arrangements will be made.

## **8. Determination of the pay, remuneration and terms in the event of the cessation of employment for Chief Officers and Heads of Service**

### **8.1. Pay and remuneration**

- 8.1.1. The Appointments and Remuneration Committee will:
  - 8.1.1.1. make recommendations to the full Council on pay and remuneration, in line with the Council's Pay Policy Statement;
  - 8.1.1.2. for the Director of Public Health, make recommendations in line with national Director of Public Health pay levels;
  - 8.1.1.3. determine any requirement for a formal review of the relevant pay market;
  - 8.1.1.4. where necessary, commission relevant research and analysis and make recommendations thereon.

### **8.2. Terms upon the cessation of employment**

- 8.2.1. On ceasing employment, the Appointments and Remuneration Committee will determine and make recommendations to the Council whether any payments should be made. Such payments will only be made:
  - 8.2.1.1. In circumstances where compensation is justified (for example on the grounds of redundancy) and
  - 8.2.1.2. In accordance with statutory regulations and guidance and
  - 8.2.1.3. In accordance with the Council's employment policies including the policy statement on employer severance and pension discretions allowed under the Local Government Pension Scheme and/or
  - 8.2.1.4. Where they comply with the specific term(s) of a Settlement Agreement.
- 8.3. In making recommendations the Committee shall take account of any data, advice, evidence or views collected from appropriate sources, including the Council's HR function, National and/or Regional Employers' Organisations, independent external pay data and submissions made by the Association of Local Authority Chief Executives on behalf of their members.

## **9. Employment Procedures for Chief Officers and Heads of Service**

9.1. Matters relating to redundancy, permanent ill-health, expiration of fixed term contracts and/or grievances will be dealt with under established local policies and processes.

### **9.2. Disciplinary Action**

9.2.1. Any decision to take disciplinary action against or to dismiss any employee of the County Council shall be in line with the Council's Disciplinary Policy. In the case of the Director of Public Health this will be in line with Public Health England national policy.

9.2.2. No disciplinary action (including dismissal) shall be taken by the Appointments and Remuneration Committee except for suspension against the Head of the Paid Service, the Monitoring Officer or the Chief Finance Officer other than in accordance with a recommendation in a report made by a Designated Independent Person acting in accordance with Regulation 7 of the 2001 Regulations. Any such suspension shall be on full pay and terminate no later than the expiry of two months from the day on which the suspension takes effect.

## Leadership Grades

| Levels       | Spot Salary | Role(s)                                                                                                                                                                                                                                                   |
|--------------|-------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Leadership 0 | £149,995    | CEO                                                                                                                                                                                                                                                       |
| Leadership 1 | £129,700    | Strategic Directors (x2)                                                                                                                                                                                                                                  |
| Leadership 2 | £105,000    | County Treasurer<br>County Solicitor                                                                                                                                                                                                                      |
| Leadership 3 | £95,000     | Heads of:<br>Services for Communities<br>Children's Social Work Services & Child Protection<br>Social Care Commissioning<br>Human Resources<br>Highways, Capital Development & Waste Management<br>Adult Care Management Services<br>Education & Learning |
| Leadership 4 | £75,000     | Heads of:<br>Business Strategy & Support Services<br>Economy & Enterprise<br>Planning, Transport & Environment                                                                                                                                            |
| NHS Grade    | £106,000    | Director of Public Health                                                                                                                                                                                                                                 |

For further information on Chief Officer and Heads of Service salaries please see Paragraph 4 of the Council's [Pay Policy Statement](#). Chief Officers and Heads of Service are also subject to other terms and conditions, as stated in Paragraph 5 of the [Pay Policy Statement](#) and any payments made in this respect, to the highest paid employees, are published in the [Annual Statement of Accounts](#).