

# **London Borough of Barnet**

## **Pay Policy Statement 2014/15**

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April 2014**

# 1 Background

## **Localism Act 2011 - Openness and accountability in local pay**

- 1.1. Section 38(1) of the Localism Act requires local authorities to produce an annual pay policy statement.
- 1.2. The provisions in the Act do not seek to change the right of each local authority to have autonomy on pay decisions, however it emphasises the need to deliver value for money for local taxpayers.
- 1.3. This statement has been approved by Council and any further changes during the year will be brought back to Council for adoption.
- 1.4. This statement does not cover schools.

## **Related Remuneration and Transparency Context**

- 1.5. The Council follows the transparency requirements on remuneration as set out in the Code of Recommended Practice for Local Authorities on Data Transparency issued by the Department for Communities and Local Government in September 2011 and specific guidance relevant to the Localism Act issued by the Department in February 2012 and February 2013.
- 1.6. Part of the Code of Recommended Practice for Local Authorities on Data Transparency includes publishing information relating to senior salaries within a local authority. A full list of all posts that are paid more than £58,200 is published on the Council's website. See [http://www.barnet.gov.uk/info/1573/senior\\_salaries/828/senior\\_salaries](http://www.barnet.gov.uk/info/1573/senior_salaries/828/senior_salaries)

# 2. Governance arrangements for pay and conditions of service within London Borough of Barnet

- 2.1. General Functions Committee - as set out in the Council's constitution Part 3, section 2 – has responsibility for staff matters and conditions of service. General Functions Committee is a sub committee of Council and its decisions may either be referred up or are approved by Council, as appropriate.
- 2.2. Remuneration Committee – as set out in Part 3 of the Council's Constitution – Responsibility for Functions has in its Terms of Reference accountability for remuneration of chief officers and pay in general. Remuneration Committee is a sub committee of Council and its decisions may either be referred up or are approved by Council, as appropriate.
- 2.3. The Remuneration Committee also has responsibility for ensuring that remuneration is set within the wider pay context, including giving due consideration to the relationship between the highest and lowest paid in the organisation. The Remuneration Committee will produce pay recommendations and will remit the pay policy for approval by Council.

### **3. Remuneration arrangements for all employees**

#### **Introduction**

- 3.1. This section sets out the remuneration arrangements for London Borough of Barnet employees.

#### **Senior Management**

- 3.2. The Senior Management Team's pay and reward arrangements include:
- Market based pay structure which links job size to the mid point between Median and Lower Quartile Pay data
  - Evaluation of all roles using Hay job evaluation scheme to size the role.
  - Pay Grade reflect job sizes and evaluated roles are slotted according to the evaluated job size
  - Automatic enrolment into Local Government Pension Scheme (LGPS)
  - Base pay reviewed by Remuneration Committee - these roles are outside national pay bargaining
  - 30 days annual leave
  - Sick pay is a maximum of six months at full pay and three months at half pay

#### **Rest of the Council**

- 3.3. The Council is reviewing its pay and reward arrangements for all other employees. Current arrangements are:
- Base pay negotiated through collective bargaining arrangements administered by the Local Government Association
  - Adoption of the National Joint Council (NJC) for Local Government Services (LGS) pay spine
  - Evaluation of all roles using systematic job evaluation.
  - Roles placed on the pay spine using job evaluation
  - Automatic enrolment into Local Government Pension Scheme (LGPS)
  - Other terms and conditions of employment, such as entitlement to sick pay and annual leave, are governed by the NJC LGS

#### **Pay Scales - Senior Management Team**

- 3.4. The Senior Management grade structure and salaries were agreed by Remuneration Committee on 28 June 2012. Remuneration Committee sets the pay rates applicable to the grade structure on an annual basis and this pay policy statement is updated. The table below sets out the salaries associated with the pay grades for the Senior Management Team and the Statutory Officer posts. Salaries are reviewed during April each year and an updated pay policy statement is approved and published by the Council as necessary.

Pay Grade	Pay point for Entry On 1 April 2014	Pay point for Developing On 1 April 2014	Pay point for Fully Competent On 1 April 2014	Chief Officer Post(s)* included in each Pay Grade
1	£177,613	£182,613	£187,613	Chief Executive
2	£148,464	£153,464	£158,464	Chief Operating Officer; Strategic Director for Communities (incorporates the statutory function of the Director of Children's Services)
3	£124,870	£129,870	£134,870	Strategic Director for Growth & Environment; Family Services Director Adults and Communities Director
4	£103,846	£108,846	£113,846	Assurance Director
5	£85,139	£89,869	£94,599	
6	£71,511	£75,484	£79,457	
7	£57,950	£61,170	£64,389	

\* These Chief Officer posts are subject to changes in the Council's constitution to reflect the new senior management structure

NB. All salaries to be reviewed in April 2014.

- 3.5. Each Pay Grade comprises 3 pay points Entry, Developing and Fully Competent. The Fully Competent pay point reflects the evaluated level of the job. The Council does not pay beyond the evaluated level of the job and there is no automatic progression between each level within the Grade.
- 3.6. The appropriate pay point at recruitment will normally depend upon the applicant's assessed level of competence.
- 3.7. All chief officer appointments will be conducted by a member recruitment panel. The candidate's remuneration will be voted on by the Remuneration Committee and reported to Council at the earliest opportunity. Council have been given the opportunity to vote on Chief Officer salaries at or above £100,000 per annum and have delegated this function to the Remuneration Committee. Remuneration Committee consists of the Leaders of all three main political parties (one of whom is the Leader of the Council) and two other members.
- 3.8. Council retains the responsibility to confirm the appointment of the Chief Executive.

### **Pay Scales - Rest of the Council**

- 3.9. The council in accordance with its single status agreement currently has two pay bands in operation for the remainder of the Council as follows:

Pay Band	Relevant employees	Lowest Pay Point on 1 April 2014	Highest Pay Point on 1 April 2014
Hayband 4	Senior Managers and some professional staff	£48,025	£63,139
Barnet Broadband	All other employees	£14,962	£65,475

NB. All salaries to be reviewed in April 2014 in accordance with National Bargaining Arrangements.

- 3.10. The evaluated grade for a role is normally 4 spinal column points. However the Single Status Agreement allows for some discretion in the number of spinal column points within a grade ranging from single spot grade through to a career grade; this discretion must be in line with the single status agreement.
- 3.11. The pay point on recruitment is normally at the bottom point of the grade for each post unless there is a justifiable reason for doing otherwise. An example might be that for particular roles there is difficulty in recruitment and retention and to ensure that the successful candidate accepts the job offer a salary above the bottom of the grade is required.
- 3.12. Progression through the grade is through annual increments until the top of the pay grade is reached.

### **Barnet Living Wage**

- 3.13. The Council has developed a fair pay policy to ensure that it applies a minimum wage for Council employees.
- “London Borough of Barnet is a fair pay employer and will apply the principles of a living wage (including taking into account the National Minimum Wage, National Living Wage, London Living Wage and national pay awards in the public sector), subject to affordability.***
- 3.14. For the period of this pay policy statement the council has decided to apply a living wage rate of £8.80 per hour worked for all employees. Employees whose pay rate is less than this amount will receive a pay supplement to bring their pay up to an equivalent of the published Barnet Living Wage rate.
- 3.15. This minimum rate will be reviewed on an annual basis and published as part of this pay policy statement in April each year.

## **Other Elements of Remuneration**

### **Pay Protection**

- 3.16. The Council's Managing Organisational Change Policy is applicable to all employees and sets out the Council's pay protection policy.

### **Honoraria**

- 3.17. The Council has an Honoraria Policy applicable to all employees which sets out: when Honoraria may be paid; the payment calculation and the period of payment. Any Honoraria payments must be agreed at Assistant Director level or above.

### **Market Factor Supplements**

- 3.18. The Council has a Market Factor Supplement Policy applicable to all employees which describes when and how the Council may pay beyond the evaluated level of the job. Any market payment will need to be supported by clear market evidence before it can be brought into payment.

### **Other**

- 3.19. The Council does not pay bonuses or performance related pay to senior managers.
- 3.20. The Council does not offer any benefits in kind.
- 3.21. The Council does not use ex-gratia payments.

### **Payment for election duties**

- 3.22. The role of Returning Officer is considered to be secondary employment and any Senior Officer undertaking this role will be expected to either take annual leave or special unpaid leave when fulfilling this function.
- 3.23. Any employee who undertakes election duties is paid for this through the Returning Officer. The level of Fees & Charges payable for election duties are set by the Cabinet Office & London Councils.

### **Pension Arrangements**

- 3.24. The percentage rate of contributions is set according to pension regulations.
- 3.25. Employees of the London Borough of Barnet are automatically enrolled into the LGPS but can opt out if they so wish.
- 3.26. All pension matters are dealt with by LGPS Scheme Rules.

### **Redundancy Terms**

- 3.27. The Council's Managing Organisational Change Policy is applicable to all employees, including Chief Officers, and Head of Paid Service, and sets out redundancy compensation.

- 3.28. Compensation is calculated as 1x actual salary x number of weeks. Number of weeks is calculated using the statutory matrix of Age and Years of Completed Service. The minimum is 1 week's actual pay and the maximum is 30 weeks.
- 3.29. The Council's redundancy terms do not enhance pension entitlements.
- 3.30. The Council as part of its duty to mitigate the consequences of redundancy puts in place appropriate employee support, which includes career advice, workshops and trial periods for employees.

### **Appointment and Remuneration Terms**

- 3.31. The Council appoints to roles on a variety of terms and the final decision about the appointment and remuneration terms will be a reflection of the requirements of the role; the evaluated level of the role; the longevity of the role; budgetary constraints and broader value for money considerations.

## **4. Severance arrangements**

- 4.1. The Council does not enhance severance packages beyond statutory and contractual entitlements. In practice this means severance package consist of redundancy pay (see 3.6), any holiday pay the employee is contractually entitled to and pension payments that the employee is entitled to in accordance with the Local Government Pension Scheme (LGPS).
- 4.2. Where an employee is aged 55 or above and is made redundant then by virtue of the LGPS scheme rules the employee's pension will automatically come into payment. It should be noted that an employer cost, known as 'Pension Strain' will be crystallised and is a cost to be paid by the employer to LGPS.
- 4.3. For the purposes of calculating the component parts of a severance package this will include:
- redundancy pay
  - holiday entitlement earned but not taken
  - 'pension strain' cost payable by the Council to the Pension Scheme
- 4.4. Council have been given the opportunity to vote on severance packages at or above £100,000 per annum and have delegated this function to the Remuneration Committee. Remuneration Committee consists of the Leaders of all three main political parties (one of whom is the Leader of the Council) and two other members

## 5. Relationship between the remuneration of its chief officers, and the remuneration of its employees who are not chief officers

### Remuneration of the Lowest Paid

- 5.1. The definition of the lowest paid is based on the Council's living wage of £8.80 per hour (equivalent to £16,518 per annum for a 36 hour week).

### Pay Dispersion

- 5.2. The highest paid role in the Council is the Chief Executive with earnings of £187,613. The median average paid role is £25,710 and this covers a wide range of roles. The ratio between the highest paid in the authority (Chief Executive Officer) and the median average paid role is 1:7.3. The lowest paid role in the Council is scp 5 earning £14,961 per annum but this is subject to the Council's living wage supplement (see section 3.13 to 3.15). The ratio between the highest and lowest paid roles is 1:11.4.
- 5.3. A comparison between the current year and previous year is shown below:

Description	2013/14	2014/15
Highest Paid	£187,613	£187,613
Median	£28,800	£25,710
Lowest paid	£14,697	£16,518
Highest to median ratio	1:6.5	1:7.3
Highest to lowest ratio	1:12.8	1:11.4

### Elements of Chief Officer Remuneration

- 5.4. All Chief Officers receive only base pay. In common with all other roles in the Council if there was clear market evidence that the evaluated level of the job did not reflect the market then a market supplement would be considered. Any market supplement would need to be agreed by the Remuneration Committee.



## **6. Staff moving posts within the public sector**

- 6.1. The Council operates a recruitment policy based on merit - in line with discrimination legislation.
- 6.2. Should a successful candidate be in receipt of a severance payment or pension the London Borough of Barnet applies the Rules of the Local Government Pension Scheme and Modification Order to manage the following scenarios, should they occur:
  - Where previously employed by the same authority, left with a severance or redundancy payment, and have come back as a Chief Officer
  - Are in receipt of a Local Government Pension Scheme or Firefighter pension (whether their previous service was with the same authority or not)
- 6.3. Where the successful candidate was previously employed by the Council then there would normally be a six month break before the Council would re-employ either as an employee or under a contract for services

## **7. Publication of and access to information regarding remuneration of Chief Officers**

- 7.1. Remuneration information about Chief Officers is published on the London Borough of Barnet's website which is accessible to all members of the public.
- 7.2. The Council's Annual Accounts set out actual remuneration including all elements of pay for roles paid above £58,200. These accounts are published on the Council's website.

## **8. Amendments to this Pay Policy Statement**

- 8.1. There is a requirement to keep this Pay Policy Statement as up to date as possible. Therefore, mid-year amendments to the statement will be approved and published by the Council as appropriate.

**April 2014**