

Appendix 2

Meeting	Council
Date	16 April 2013
Subject	Pay Policy Statement
Report of	Remuneration Committee
Summary	This report sets out formal delegation of decision making from Council to the Remuneration Committee and the consequent changes to the Council’s Pay Policy Statement.

Officer Contributors	Sarah Murphy-Brookman, Assistant Director Human Resources
Status (public or exempt)	Public
Wards Affected	Not applicable
Key Decision	Not applicable
Reason for urgency / exemption from call-in	Not applicable
Function of	Council
Enclosures	Annex A - London Borough of Barnet – Pay Policy Statement 2013/14
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1. RECOMMENDATIONS

- 1.1 That Council notes the content of the supplementary guidance issued by DCLG in February 2013 and the changes necessitated by this guidance.**
- 1.2 That Council notes that it must be offered the opportunity to vote on severance packages and salaries that total £100,000 or more.**
- 1.3 That Council delegates the function of approving salaries and severance packages of £100,000 or more to Remuneration Committee.**
- 1.4 That all delegated decisions taken by Remuneration Committee are reported back to Council.**
- 1.5 That Council agrees the consequent changes to the Council's Pay Policy Statement for the financial year 2013/14.**

2. PREVIOUS RELEVANT DECISIONS

- 2.1 At the meeting of Council on the 5 March 2013 the Council's Pay Policy Statement for the financial year 2013/14 was endorsed..

3 CORPORATE PRIORITIES AND POLICY CONSIDERATIONS

- 3.1 The Council is required under the Localism Act 2011 to produce an annual Pay Policy statement. The practise to date has been that the Remuneration Committee agrees the statement and then remits it for endorsement by Council and then publication is by 31 March each year.
- 3.2 The Localism Act recognises that from time to time Pay Policy Statements may require amendment during the financial year. The Act states that an amended Pay Policy Statement must be published as soon as practicable following approval by Council.
- 3.3 The Department for Communities & Local Government issued supplementary guidance in late February 2013. This supplementary guidance requires that:
 - 3.3.1 Council are offered the opportunity to vote on severance packages that total £100,000 or more. The component elements of the severance package include salary paid in lieu, redundancy compensation, pension entitlements, holiday pay and any bonuses, fees or allowances paid
 - 3.3.2 Council are offered the opportunity to vote on salaries that total £100,000 or more.
- 3.4 It is suggested that that these decisions set out paragraph 3.3.1 and 3.3.2 be delegated by Council to Remuneration Committee, this change would then need to be reflected in the 2013/14 Pay Policy statement.

4. RISK MANAGEMENT ISSUES

- 4.1 Council has responsibility to discharge its obligations under the Localism Act 2011, in particular the issues of transparency for Chief Officer pay

5. EQUALITIES AND DIVERSITY ISSUES

- 5.1 The Pay Policy Statement provides enhanced transparency about pay policy within the Council and forms part of the information that the Council publishes to discharge its Public Sector Equality Duty as part of the Equality Act 2010

6. USE OF RESOURCES IMPLICATIONS (Finance, Procurement, Performance & Value for Money, Staffing, IT, Property, Sustainability)

- 6.1 There are no resource implications.

7. LEGAL ISSUES

- 7.1 Pay policy statements have been necessitated by section 38(1) of the Localism Act 2011 and the Council must publish its amended pay policy statement as soon as practicable following approval by Council.

- 7.2 An amended Pay Policy Statement has been produced following supplementary guidance issued by the Department for Local Government & Communities in late February 2013. This supplementary guidance requires that:

7.2.1 Council are offered the opportunity to vote on severance packages that total £100,000 or more. The component elements of the severance package include salary paid in lieu, redundancy compensation, pension entitlements, holiday pay and any bonuses, fees or allowances paid

7.2.2 Council are offered the opportunity to vote on salaries and severance packages that total £100,000 or more

8. CONSTITUTIONAL POWERS (Relevant section from the Constitution, Key/Non-Key Decision)

- 8.1 The Remuneration Committee's terms of reference are noted in Part 3 of the Council's Constitution – Responsibility for Functions

9. BACKGROUND INFORMATION

- 9.1 The Remuneration Committee's role is to ensure transparency about Council pay matters. The pay bill is the largest cost for the London Borough of Barnet and this committee underpins the aim of pay control in order to deliver the Medium Term Financial Strategy.

- 9.2 Remuneration Committee is a function of Council and its membership is politically balanced and its membership includes the Leaders from the three main political Groups.
- 9.3 All of Remuneration Committees decisions are reported back to Council.
- 9.4 In late February 2013 the Department for Communities & Local Government issued supplementary guidance about matters to be covered in Pay Policy statements. This supplementary guidance now requires that:
- 9.4.1 Council are offered the opportunity to vote on severance packages that total £100,000 or more. The component elements of the severance package include salary paid in lieu, redundancy compensation, pension entitlements, holiday pay and any bonuses, fees or allowances paid
- 9.4.2 Council are offered the opportunity to vote on salaries and severance packages that total £100,000 or more
- 9.5 This report asks full Council whether it wishes to be offered the opportunity to vote on salaries and severance packages of £100,000 or more or whether it wishes to delegate this function to Remuneration Committee.
- 9.6 An amended 2013/14 Pay Policy statement is attached at Annex A which reflects the delegation of these responsibilities. The statement uses the previous 2013/14 statement as a template.

10. LIST OF BACKGROUND PAPERS

- 10.1 None

Annex A - London Borough of Barnet – Pay Policy Statement 2013/14

1. Background

1.1 Localism Act 2011 - Openness and accountability in local pay

Section 38(1) of the Localism Act requires local authorities to produce an annual pay policy statement.

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.

This statement has been approved by Council and any further changes during the year will be brought back to Council for adoption.

This statement does not cover schools.

1.2 Related Remuneration and Transparency Context

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. In addition the Council will continue to meet all of its other obligations with regard to the publication of pay information.

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

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 all of its decisions will either be called in or are approved by Council.

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 all of its decisions will either be called in or are approved by Council.

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

3.1 Introduction

This section sets out the remuneration arrangements for London Borough of Barnet (LBB) employees.

Senior Management

A new set of Pay and Reward arrangements have been implemented for the Senior Management Team. These 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

LBB 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

3.2 Pay Scales

Senior Management Team

The Council has recently introduced a new grading structure for senior managers. The grade structure and rates of pay were agreed by Remuneration Committee on 28 June 2012. Remuneration Committee will set the pay rates applicable to the new grade structure on annual basis and this pay policy statement will be updated. The table below sets out the new pay grades for the Senior Management Team and the Statutory Officer posts.

Pay Grade	As at 1 Jan 2013 Pay point for Entry	As at 1 Jan 2013 Pay point for Developing	As at 1 Jan 2013 Pay point for Fully Competent	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; Director for People (incorporates the statutory function of the Director of Children's Services)
3	£124,870	£129,870	£134,870	Director for Place; 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

Each Pay Grade comprises 3 pay points Entry, Developing and Fully Competent. The Fully Competent pay point reflects the evaluated level of the job. LBB does not pay beyond the evaluated level of the job and there is no automatic progression between each level within the Grade.

The appropriate pay point at recruitment will normally depend upon the applicant's assessed level of competence.

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.

Council retains the responsibility to vote both on the candidate and the level of remuneration for Chief Executive appointments.

Rest of the Council

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 as at 1 Jan 2012	Highest Pay Point as at 1 Jan 2012
Hayband 4	Senior Managers and some professional staff	£47,550	£62,514
Barnet Broadband	All other employees	£14,697	£64,827

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.

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.

Progression through the grade is through annual increments until the top of the pay grade is reached.

3.3 Other Elements of Remuneration

Pay Protection

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

Honoraria

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

The Council has a Market Factor Supplement Policy applicable to all employees which describes when and how LBB 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

LBB does not pay bonuses or performance related pay.

LBB does not offer any benefits in kind

LBB does not use ex-gratia payments.

3.4 *Payment for election duties*

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.

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.

3.5 *Pension Arrangements*

The percentage rate of contributions is set through national negotiations.

Employees of the London Borough of Barnet are automatically enrolled into the LGPS but can opt out if they so wish.

All pension matters are dealt with by LGPS Scheme Rules.

3.6 *Redundancy Terms*

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.

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.

The Council's redundancy terms do not enhance pension entitlements.

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 redeployees.

3.7 *Appointment and Remuneration Terms*

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*

The Council does not enhance severance packages beyond statutory and contractual entitlements. In practice this means that a severance package will consist of redundancy pay (see 3.6), pay in lieu of notice (contractual entitlement), any holiday pay the employee is contractually entitled to and pension payments which the employee is entitled to in accordance with the Local Government Pension Scheme (LGPS)..

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.

For the purposes of calculating the component parts of a severance package this will include:

- redundancy pay
- pay in lieu of notice
- holiday entitlement earned but not taken
- 'pension strain' cost payable by the Council to the Pension Scheme

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

5.1 *Remuneration of the Lowest Paid*

The definition of the lowest paid is based on the spinal point 4 which is the lowest pay point on the NJC scale and is above the National Minimum Wage.

5.2 *Pay Dispersion*

The highest paid role in the Council is the Chief Executive with earnings of £187,613 the median average paid role is £28,800 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 1:6.5. The lowest paid role in the Council is scp 4 earning £14,697 per annum the ratio between the highest and lowest paid roles is 1:12.76.

5.3 *Elements of Chief Officer Remuneration*

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

LBB operates a recruitment policy based on merit - in line with discrimination legislation.

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)

Where the successful candidate was previously employed by LBB then there would normally be a six month break before LBB 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

Remuneration information about Chief Officers is published on the London Borough of Barnet's website which is accessible to all members of the public.

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

It is recognised that the Council is undergoing fundamental change during the period covered by this pay policy statement. Amendments to this pay policy statement in-year will be carried out via the governance framework set out at section 2 with approval as appropriate by Council.

April 2013