



PAY POLICY STATEMENT FOR THE FINANCIAL YEAR 2014/2015

Version Control

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1 OPENING STATEMENT

1.1 Transparency and autonomy

The Council recognises and welcomes the aim behind this pay policy statement to ensure that its approach to pay is open and accessible for residents and to enable local taxpayers to take an informed view of whether local decisions on all aspects of remuneration are fair and make the best use of public funds.

It also welcomes the government's recognition that each local authority remains an individual employer in its own right, and, as such, has the autonomy to make decisions on pay that are appropriate to local circumstances and which deliver value for money for local taxpayers.

This policy statement has been produced in accordance with Sections 38 to 43 of the Localism Act 2011 (the Act).

The Secretary of State has produced guidance on the Act's provisions relating to openness and accountability in local pay, which local authorities must have regard to in preparing and approving their annual pay policy statements, and the Council's statement takes account of this guidance as well as the provisions of the Act.

1.2 Status of policy statement

The pay policy statement will be reviewed on an annual basis and revisions adopted for implementation by the Council at the start of each subsequent financial year.

The pay policy statement can also be amended during the course of any financial year by a resolution of the full Council. If it is amended during the year to which it relates, the revised version of the statement will be published as soon as reasonably possible after the amendment is approved by the Council.

2. REMUNERATION OF STATUTORY AND NON-STATUTORY CHIEF OFFICERS, MONITORING OFFICER AND DEPUTY CHIEF OFFICERS

2.1 Remuneration of Chief Officers (Statutory and Non Statutory) and Deputy Chief Officers

This section covers the Council's policies in relation to the remuneration of its senior employees, including:

- Its Chief Executive and Head of Paid Service;
- Its first tier managers (i.e. the Chief Officers who report to and are directly accountable to the Chief Executive) – this includes both statutory Chief Officers and non-statutory Chief Officers;
- Its Monitoring Officer (i.e. the officer responsible for ensuring the Council's compliance with the law in all its activities);
- Its second tier managers (i.e. the Deputy Chief Officers and senior staff who report to a first tier manager).

2.2 Overall Policy on Remuneration for Senior Roles

The Council's overall approach to remuneration for its senior employees is based on:

- a) Compliance with equal pay, discrimination and other relevant employment legislation and
- b) ensuring that its overall remuneration packages align broadly with market norms for relevant local government and public sectors, taking account of:
 - pay levels in the local area, including neighbouring public sector employers;
 - the relative cost of living in the local area, including housing costs;
 - the responsibilities and accountabilities of specific posts which may be very demanding

The Council seeks to maintain this overall approach by monitoring pay data provided by the Joint National Councils (JNCs) for Chief Officers and Chief Executives, the Local Government Association/Employers, Local Economy database resources and other pay surveys.

In terms of pay differentials, the Council recognises that:

- the role of Chief Executive/Head of Paid Service (HoPS) leads the organisation's workforce and has the greatest level of accountability, and so warrants the highest pay level in the organisation;

- the Deputy Chief Executive, furnished with a level of accountability and leadership obligation second only to the Chief Executive/HoPS, warrants the second highest pay level in the organisation.

At Chief Officer level:

- The Council recognises that all its Chief Officers have a collective and corporate responsibility for contributing to and delivering the overall strategy of the organisation. Therefore, it offers the same level of remuneration to all Chief Officers.
- This, unless market forces as described at 2.2 b) above demand a supplement to the remuneration package to ensure that the Council can source sufficient calibre of individual to meet its strategic needs (see also 2.8 below)

At deputy chief officer level, the Council recognises that the demands on and accountabilities of different management roles vary considerably, and seeks to align pay levels with the relative importance and responsibilities of roles using a process of job evaluation. Remuneration package details are published on the Council's website at: <http://www.eastbourne.gov.uk/about-the-council/information-requests/open-data/>

2.3 The Remuneration Offered to Senior Employees

At Chief Executive/Chief Officer/ Deputy Chief Officer level, the Council offers an annual salary and access to the Local Government Pension Scheme (LGPS). Any other benefits are set out below.

The Council does not offer performance related payments or bonuses to its Chief Officers. Remuneration package details are published on the Council's website at: <http://www.eastbourne.gov.uk/about-the-council/information-requests/open-data/>

2.4 Annual salaries

Annual salary levels for senior employees are set in accordance with the overall principles set out in section 2.2 above. At Chief Executive/Chief Officer/Deputy Chief Officer/Monitoring Officer/other senior manager level, they consist of a grade range which is determined locally by the Council. This grade range consists of a number of incremental salary points, through which employees may progress until the top of the grade is reached.

2.5 Remuneration upon appointment

The Council's policy is to appoint new employees at the lowest point on the scale for the post unless, exceptionally, a higher pay point is needed to secure the recruitment. In the case of Chief Officers, a decision to pay initially above the lowest point on the scale remains subject to the endorsement of a panel/committee nominated by the Council to act on its behalf.

2.6 Pay progression

Pay progression is normally by annual increment, payable from 1 April annually.

Pay progression is based on the period of time the employee has served in that grade, subject to satisfactory performance as evidenced through the Council's performance appraisal scheme.

The Council's performance appraisal scheme sets out the standards/criteria which must be met in order for an employee to receive any pay progression, the roles and responsibilities of managers and employees in this process and the monitoring and review arrangements to ensure this is applied fairly and equitably across the Council.

2.7 Pay awards

The level of any increase will be determined by the Council, and will take into account a number of factors including that agreed by Joint National Councils (JNCs) for Chief Executives/Chief Officers or National Joint Council (NJC) for Local Government Services (as appropriate for the category of senior manager), the prevailing economic conditions, Government public sector pay policy and the Council's financial position and consultation with the Trade Union.

2.8 Market Supplements

The Council recognises that pressures in the national or regional labour market can mean that pay levels for a particular category of manager in a particular function (e.g. Chief Finance Officer) can be such that the Council's normal pay level would not be sufficiently competitive to enable it to recruit or retain a manager in that function. In that case, the Council is prepared to review the remuneration package and to pay salary points at a level commensurate with the market in order to secure the skills' set required to meet the Council's needs.

2.9 Local Government Pension Scheme (LGPS)

The Council offers its most senior employees access to the Local Government Pension Scheme, in accordance with the statutory provisions of the scheme, on the same basis as all of its employees. Any pension payments made to its senior employees on termination of employment either on grounds of redundancy, in the interests of the efficiency of the service or on grounds of ill health will be made within the statutory terms of the LGPS.

The employer's contribution rate for senior employees who join the scheme is the same as for all other employees.

The discretions which the Council is able to apply under the scheme upon termination of employment are the same for senior employees as for all other employees who are LGPS members.

2.10 Payments on Termination of Employment

The Council's payments to managers whose employment is terminated on grounds of redundancy or in the interests of the efficiency of the service will be in accordance with the policy the Council has adopted for all its employees in relation to the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006.

Other than payments pursuant to the LGPS (including the exercise of the Council's discretions) or payments in accordance with the Council's policies under the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006, the Council's policy is not to make any other termination payments to its senior employees, other than where it has received specific legal advice to the effect that a payment may be necessary to eliminate risk of claims against the Council.

2.11 "Earn back" pay

The Council has considered the suggestions in the Hutton Review of Fair Pay in the Public Sector, published in March 2011, about the introduction of "earn back" pay. The introduction of "earn back" pay within the Council's current systems as a way of relating pay levels to performance and contribution will not be progressed at the present time but may be given further consideration in the future.

2.12 Re-engagement of Chief Officers

Re-engagement of Chief Officers who have left Eastbourne Borough Council with a severance or termination payment:

2.12.1 Re-engagement as employees

- (1) Subject to any relevant provisions in employment and equalities legislation, the Council's policy is not to re-employ [as a Chief Executive or Chief Officer/ in any capacity] any former Chief Executive or Chief Officer who left the Council for any reason other than compulsory redundancy, and was in receipt of a severance or termination payment, for a period of three years from the date of termination of employment. This policy may be varied in exceptional circumstances which are approved by a delegated panel/committee of Council Members acting on behalf of Full Council and advised by appropriate persons including the Monitoring Officer, except where the Council's Monitoring Officer is a Chief Officer.
- (2) Where a Chief Executive/ Chief Officer's employment has been terminated compulsorily on grounds of redundancy, they will not be re-employed in the same or a similar post for a period of one year following the date of termination of employment. If they are re-employed in another post within four weeks after the effective date of redundancy, they will lose their right to a redundancy payment, including any enhancements under the provisions of the LGPS or the Local Government (Early Termination of Employment)

(Discretionary Compensation) (England and Wales) Regulations 2006. Any re-employment will be subject to the Council following the strict application of the normal process of competitive selection for employment.

- (3) Any former Chief Executive or Chief Officer who is employed by Eastbourne Borough Council and who has previously received a severance, termination or redundancy payment from this or any other Council or related body will not have previous service counted when determining any further entitlements to notice periods, sickness payments, annual leave or other benefits/entitlements based on continuous service.

2.12.2 Re-engagement under a contract for services

The Council's policy is not to re-engage under a contract for services any former Chief Executive or Chief Officer who left the Council for any reason and was in receipt of a redundancy, severance or termination payment, for a period of three years from the cessation of employment. This policy may be varied in exceptional circumstances which are approved by a panel/committee convened by the Council to act in this matter and advised by persons including the Council's Monitoring Officer, except where the Monitoring Officer is a Chief Officer.

2.12.3 Employment of those in receipt of an LGPS pension

General:

In the unlikely event that the Council employs as a Chief Executive or Chief Officer a person who is in receipt of a pension under the LGPS, the rules on abatement of pensions adopted by the Council's Administering Authority for the LGPS, pursuant to Regulations 70 and 71 of the the Local Government Pension Scheme (Administration) Regulations 2008 must be applied. Such persons would only be employed following strict application of the normal process of competitive selection for employment.

Flexible retirement:

The LGPS regulations permit the Council to offer flexible retirement to employees (including Chief Officers) aged 55 or over, so that they can reduce their hours of work, and receive a pension in respect of accrued years in the scheme.

2.13 Publication of Details of Employee Remuneration

In accordance with 39 (5) of the Localism Act, this policy will be published on the Council's website. It will also be published on the Council's intranet, known as InSite. The Council is also required to publish information about the remuneration of senior officers under The Accounts and Audit (Amendment No. 2) (England) Regulations 2009, and the Code of Recommended Practice for Local Authorities on Data Transparency, issued under Section 2 of the Local Government Planning and Land Act 1980. This information can be obtained from the Council's Statement of Accounts.

3. REMUNERATION OF LOWEST PAID AND OTHER EMPLOYEES

This section sets out the Council's policies in relation to:

- The remuneration of its lowest-paid employees, as defined in this pay policy statement;

3.1 Definition of Lowest Paid Employees

The definition of the "lowest-paid employees" adopted by the Council for the purposes of this statement is as follows:

The lowest paid employees within the Council are those permanent workers who are paid on the Council's lowest hourly pay rate.

The Council considers this to be the most appropriate definition as this is the lowest pay point/pay level on its substantive pay structure and which normally applies to new entrants to the lowest graded jobs within the organisation.

The current annual full-time equivalent value of this pay level, based on a 37 hours' standard working week as at 31 March 2014, is £12366.73.

The Council has had regard to guidance issued by the Local Government Association and JNC for Local Authority Chief Executives in agreeing this definition.

The Council has consulted with the recognised trade unions on this definition and has had regard to any comments made by them.

3.2 Remuneration of Lowest Paid Employees

For the purposes of this policy statement, remuneration includes the employee's basic annual salary and any allowances or other similar payments, benefits in kind, any increases or enhancements to any pension entitlement and any termination or other severance payments.

3.2.1 Pay structure

The basic pay of the Council's lowest paid employees comprises a core grade extrapolated from the national pay spine as set out in the National Joint Council for Local Government Services National Agreement on Pay and Conditions of Service. This grade range consists of a number of salary points through which employees may progress until the top of the grade is reached.

3.2.2 Pay Progression

Pay progression is normally by annual increment, payable from 1 April annually.

Pay progression is based on the period of time the employee has served in that grade, subject to satisfactory performance and as evidenced through the Council's performance appraisal scheme

The Council's performance appraisal scheme sets out the standards/criteria which must be met in order for an employee to receive any pay progression, the roles and responsibilities of managers and employees in this process and the monitoring and review arrangements to ensure this is applied fairly and equitably across the Council.

3.2.3 Annual Pay Review

The basic pay of the Council's lowest paid employees is reviewed annually, with any adjustment, cost-of-living, or other, increase normally applied on 1 April in each year. The level of any increase will be determined by the Council, and will take into account a number of factors including that agreed by the National Joint Council for Local Government Services, the prevailing economic conditions, Government public sector pay policy and the Council's financial position and consultation with the Trade Union.

3.2.4 Market Supplements

Where the Council considers that pay rates for specific posts are insufficient to enable it to recruit and/or retain staff with the required knowledge, skills and expertise, it may authorise the use of market supplements (Recruitment and Retention uplifts to pay within the extended grade band for the relevant post), in accordance with the terms of the relevant Council policy

3.2.5 Pension provision

In common with all other employees, the Council's lowest paid employees may participate in the Local Government Pension Scheme in accordance with the statutory terms of that scheme.

Any increases in or enhancements to the pension entitlement of the Council's lowest paid employees will be made in accordance with the discretions available to it under the statutory provisions of the Local Government Pension Scheme, as exercised by the Council and set out in the relevant policy statement

3.2.6 Termination or Severance Payments

Any termination or severance payments made by the Council to its lowest paid employees, either on grounds of redundancy, in the interests of the efficiency of the service or on grounds of permanent ill-health, will be made in accordance with the statutory terms of the Local Government Pension Scheme, as applicable, and/or in accordance with the discretions available to it under that Scheme or under the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006, as set out in the relevant policy statement.

Other than payments pursuant to the LGPS (including the exercise of the Council's discretions) or payments in accordance with the Council's policies under the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006, the Council's policy is not to make any other termination or severance payments to its lowest paid employees, other than where it has received specific legal advice to the effect that a payment may be necessary to eliminate risk of claims against the Council.

Any proposal to offer a severance payment of £100,000 or more to a member of staff leaving the organisation will be referred to full Council for approval. The information presented to full Council will clearly set out the components of the particular severance package. This may include salary paid in lieu of notice, statutory redundancy compensation, enhanced compensation paid in accordance with the Council's policies under Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006, pension entitlements (including those resulting from the exercise of the Council's policies on Local Government Pension Scheme discretions), payments in lieu of untaken holiday and any bonuses, fees or allowances paid.

4 PAY RELATIONSHIPS

This section sets out the Council's overall approach to ensuring pay levels are fairly and appropriately dispersed across the organisation, including the current pay multiple which applies within the Authority, and its policy toward maintaining or reaching a specific pay multiple in the future.

Under the provisions of the Code of Recommended Practice for Local Authorities on Data Transparency, issued by the Department for Communities and Local Government under Section 2 of the Local Government Planning and Land Act 1980, the Council is required to publish its "pay multiple", i.e. the ratio between the highest paid salary and median average salary of the whole of the local authority's workforce. The pay multiple, based on base salary for the financial year ending 31 March 2014, using the median is: **4.78. (No change from last year)**

The median salary is defined in the following paragraph:

The median average salary is the salary value at which 50% of the salaries which apply to the whole of the local authority's workforce are below that salary value and 50% of the salaries are above it. The lowest pay point in the overall salary range which has been used by the Council in calculating the median average salary is that which applies to its lowest paid employees, as defined in section 2 of this pay policy statement.

The Council also calculates a pay multiple using a mean salary. For the financial year ending 31 March 14, this is **4.22** compared to **4.28** in the previous year.

The Council considers that the pay multiples, as identified above, represent an appropriate, fair and equitable internal pay relationship between the highest salary and that which applies to the rest of the workforce and will monitor and have regard to these multiples in future reviews of salary, both post specific and corporate, to ensure these are maintained.

The reasons for this are:

- It reflects the aspirations of Eastbourne Borough Council to promote and maintain a more egalitarian organisational structure than that of many public and private sector peer organisations
- It continues to enable this Council to recruit and retain high calibre employees to meet the changing needs of the local community.

5 DECISION MAKING ON PAY

The provisions of this pay policy statement will apply to any determination made by the Council in the relevant financial year in relation to the remuneration, or other terms and conditions, of a chief officer of the Authority and of its lowest paid employees, as defined in this statement, and other employees who are paid more than the lowest paid employees but who are not chief officers.

The Council will ensure that the provisions of this pay policy statement are properly applied and fully complied with in making any such determination.

This pay policy statement has been approved by the full Council of the Authority.

Any proposal to offer a new chief officer appointment on terms and conditions which include a total remuneration package of £100,000 or more, including salary, bonuses, fees or allowances which would routinely be payable to the appointee and any benefits in kind to which the officer would be entitled as a result of their employment (but excluding employer's pension contributions), will be referred to the full Council for approval before any such appointment is advertised or before any such offer is made to a particular candidate.

6 AMENDMENTS TO THIS PAY POLICY STATEMENT

This pay policy statement relates to the financial year 2014-15.

The Council may agree any amendments to this policy statement during the financial year to which it relates in accordance with the decision-making arrangements set out within Section 7 of this policy statement.

7 PUBLICATION OF AND ACCESS TO PAY POLICY INFORMATION

The Council will publish this pay policy statement on its website at www.eastbourne.gov.uk and on its intranet, known as InSite, as soon as is reasonably practicable after it has been approved by the Council. Any subsequent amendments to this pay policy statement made during the financial year to which it relates will be similarly published.

The information required to be published by the Council in accordance with the requirements of the Code of Recommended Practice for Local Authorities on Data Transparency, issued under Section 2 of the Local Government Planning and Land Act 1980, and in accordance with the requirements of the Accounts and Audit (Amendment No. 2) (England) Regulations 2009, is available on its website at www.eastbourne.gov.uk and via InSite.

The Council's policies in relation to the exercise of discretions under the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006 and under the Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007, as referred to in this policy statement, are available on request from the Strategic Organisational Development Manager.

For further information about this pay policy statement, please contact the Council as follows:

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