



## Appendix A - PAY POLICY STATEMENT 2016

### **Purpose and scope of the Policy**

1. Section 38 of the Localism Act 2011 (the Act) requires local authorities in England and Wales to produce a statutory pay policy statement for 2012/2013 and each financial year thereafter.
2. The pay policy statement must be approved by a resolution of the Council before it comes into force and each subsequent statement must be prepared and approved before the end of the preceding financial year to which it relates.
3. The Council may by resolution amend this pay policy statement at any time during the year, subject to the amended statement being published as soon as is reasonably practicable.
4. The Act requires local authorities to have regard to the guidance issued by the Secretary of State. The guidance draws upon the Code of Recommended Practice for Local Authorities on Data Transparency published by the Secretary of State on 29 September 2011, the commitment in the Coalition Agreement to strengthen councillors' powers to vote on large salary packages for council officers and the recommendations made by the Hutton Report published in March 2011 for promoting fairness in the public sector by tackling disparities between the lowest and highest paid in public sector organisations.
5. The pay policy statement brings together these strands of increasing accountability, transparency and fairness in the setting of chief officer pay.
6. The pay policy must set out the authority's policies for the financial year relating to—
  - 6.1. the remuneration of its chief officers,
  - 6.2. the remuneration of its lowest-paid employees, and
  - 6.3. the relationship between—
    - 6.3.1. (i) the remuneration of its chief officers, and
    - 6.3.2. (ii) the remuneration of its employees who are not chief officers.

7. For the purposes of this pay policy, and in accordance with section 43 (2) of the Act, the following officers are considered to be relevant chief officers and deputy chief officers within scope of the Councils' statutory obligation:
  - Executive Directors (including Head of Paid Service)
  - Group Managers
  - Finance Lead Specialist (s151 Officer)
  - Legal Lead Specialist (Monitoring Officer)
8. The above officers are collectively known as Chief Officers for the purpose of this pay policy statement.
9. In addition, the pay policy sets out the council's overall pay strategy that is applicable to all employees.

### **Shared Services**

10. For the purposes of this pay policy statement, it should be noted that all of the identified chief officers operate under a shared service agreement with West Devon Borough Council and their salary costs are shared on an agreed basis. For the purpose of this pay policy statement, all shared chief officers are shown, notwithstanding the identity of their employing authority.

### **Executive Director and Group Manager Model**

11. With effect from 1 January 2014, South Hams District Council and West Devon Borough Council agreed to adopt interim arrangements for an Executive Director model following the retirement of the Shared Chief Executive on 31 March 2014.
12. The permanent new senior management structure was approved by Full Council as part of the Councils' Transformation Programme. Following an external recruitment exercise, an Executive Director (Service Delivery and Commercial Development) was appointed with effect from 1 January 2015 and the Executive Director (Strategy and Commissioning) was appointed with effect from 2 February 2015. In addition, four Group Managers were appointed, with Group Manager Business Development appointed within the previous financial year on 11 May 2015.
13. The salaries of the Senior Management Team were agreed by the Council on the recommendation of the Leader after taking advice on comparable salary levels in other organisations.
14. The Executive Director (Strategy and Commissioning) receives an additional special responsibility allowance of £3000pa in respect of carrying out the duties of Head of Paid Service.
15. With effect from 1 April 2015, the Finance Lead Specialist and Legal Lead Specialist were awarded an additional responsibility allowance, set at 17.5% of their substantive salary, in recognition of carrying out the duties of S151 Officer

and Monitoring Officer respectively.

### **Remuneration for Chief Officers**

16. The council has chosen to introduce local arrangements for Executive Directors and Group Managers' pay because it believes that this delivers a better outcome in terms of managing performance and flexibility.
17. The Leader of the Council may recommend to Full Council changes to the remuneration package following a review and after taking independent pay advice from South West Councils or a similar body. Any changes to the remuneration packages will be subject to Full Council approval.
18. Salary increases in relation to cost of living will be made in line with the relevant recommendation of the National Joint Council for Local Government Services (the NJC), the Joint Negotiating Committee for Chief Officers (the JNC) or other relevant national negotiating body for each chief officer.
19. The salary for the relevant chief officers will be 'spot' salaries, that is to say all officers will be paid in accordance with a fixed salary within an agreed range upon appointment and there will be no further incremental progression as a result of seniority, experience or performance.
20. Where possible, salary levels will be consistent with similar organisations, although the Council will retain the right to have due regard to market forces that may affect its ability to recruit and retain high quality officers, whilst balancing this against the need to ensure value for money for residents.
21. The 'spot salaries', including the special responsibility allowances paid to the Head of Paid Service, the Monitoring Officer and the S151 Officer, are the only remuneration for work carried out. At present, there are no additional payments made to chief officers relating to performance or any other matters and no bonus is payable.
22. Additional payments are made by Central Government to officers carrying out additional duties at elections. The determination of the allowance is made by the Government and these payments are not within the scope of this policy. There are no payments made by the Council for election duties.
23. In accordance with the provisions of the Council's Travel and Subsistence Policy, that applies equally to all employees, the relevant chief officers may attract an essential car user lump sum allowance and be reimbursed with business expenses subject to the submission of a claim with receipts. For 2016/17, all of the Chief Officers are designated as casual car users and will not receive an essential car user lump sum allowance.
24. From 1 April 2013, all business mileage will be reimbursed in accordance with the approved HMRC rates, currently 45p per mile. This replaces the previous policy under which business mileage was reimbursed at the higher rate agreed by the

NJC, currently 50.5p per mile for essential users and 65p per mile for casual users.

### **Severance payments**

25. Any termination payments payable to the relevant chief officers will be in accordance with the Council's Redundancy and Interests of Efficiency Policy. All such payments are equally applicable to all employees and no additional payments will be made without the express approval of the Full Council. All severance payments are subject to the provisions of the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006, as amended.

### **Relationship with the remuneration of other employees of the Council**

26. The Hutton Report identified that the most appropriate way of measuring pay dispersion within an organisation is the multiple of highest earnings to median earnings. Tracking this multiple will ensure that the Council is accountable for the relationship between the pay of its executives and the wider workforce. Through this pay policy statement, the Council will track this multiple on an annual basis and will publish the following information on its website each year (see Appendix A):

- The level and elements of remuneration to each relevant chief officer
- The remuneration of the lowest paid employees
- The relationship between the remuneration of the Head of Paid Service and the median earnings of all employees
- Other specific aspects of relevant chief officer remuneration

27. Each year the published data will be reviewed by the Leader of the Council and if the multiplier between the highest and the lowest paid employee within the Council exceeds a factor of 10, the Leader shall present a report to the Full Council for consideration.

28. For the purposes of this pay policy statement, the 'lowest paid employees' are identified as those employees carrying out a substantive role within the Council's established workforce with the lowest annual full-time equivalent salary.

29. The 'median earnings' have been identified by listing all salaries paid to employees in ascending order and finding the salary paid to the employee ranked in the middle of the list.

### **The Council's overall pay strategy**

30. In determining the pay and remuneration of its employees, the council will comply with all relevant employment legislation. This includes the Equality Act 2010, the Part Time Employment (Prevention of Less Favourable Treatment) Regulations 2000, the Agency Worker Regulations 2010, the Fixed Term Employees (Prevention of Less Favourable Treatment) Regulations 2002 and, where relevant, the Transfer of Undertakings (Protection of Earnings) Regulations. With

regard to the Equal Pay requirements contained in the Equality Act, the council ensures that all pay arrangements are fair and transparent through the use of Job Assessment methods.

31. The council takes the following approach to assessing individual and overall pay levels:
  - Defining the role – a job description is produced that describes the activities, responsibilities and accountabilities which relate to each job within the council. This helps to ensure that the role and its requirements are fully understood by the individual and the manager and enables the council to assess the performance of its staff and so improve efficiency and effectiveness.
  - Determining the job size – the council has developed its own job assessment technique that enables the direct comparison of jobs across the council in a fair, transparent and consistent way.
32. The council's pay structure is based on the pay spine agreed by the NJC. Employees receive 'cost of living' increases in pay in line with NJC Agreements. There was a 2.2% increase agreed with effect from January 2015. To date, no national pay award has been agreed by the NJC for the financial year 2016/17.
33. The terms and conditions of employment for Executive Directors are in accordance with the Joint Negotiating Committee (JNC) for Chief Officers of Local Authorities. In 2014, there was a 2% pay award agreed by the JNC with effect from 1 January 2015. To date, no national pay award has been agreed by the JNC for the financial year 2016/17.
34. Using the nationally agreed NJC pay spine, the council determines locally the appropriate grading structure, taking into account the need to ensure value for money in respect of the use of public finances balanced against the need to recruit, retain and motivate employees who are able to provide high quality and efficient services to the community.
35. To encourage employees to develop in their role and to improve their performance, the council has arranged its pay levels within a series of pay grades. Each grade typically contains between 4 and 5 pay levels or increments. Progression through the pay grade is dependent on meeting identified performance targets and is assessed through the council's staff appraisal scheme.
36. The council uses fixed spot salary pay rates for some groups of workers where there is no opportunity for significant improvement in performance related to length of service.
37. From time to time, the council may pay special allowances to an employee in specific circumstances and in accordance with its policy, such as to reward an employee who temporarily takes on additional responsibilities.

38. From time to time, the council may make a one-off merit pay award to an employee in specific circumstances and in accordance with its policy, such as to reward exceptional performance.
39. Subject to qualifying conditions, employees have a right to belong to the Local Government Pension Scheme. The employee contribution rates, which are defined by statute, currently range between 5.5% for those on the lowest incomes to 7.5% for the highest income earners. The Employer contribution rates are set by Actuaries and are reviewed on a triennial basis to ensure the scheme is appropriately funded.

## Appendix A

1. The levels and elements of remuneration for each Chief Officer are as follows:

Post	Salary (£) per annum	Comments
Executive Director (Strategy and Commissioning) and Head of Paid Service*	96,840	Appointed 2 February 2015 and including 2% increase from 1 January 2015 and a special responsibility allowance of £3000 as Head of Paid Service
Executive Director (Service Delivery and Commercial Development)	93,840	Appointed 1 January 2015 and including 2% increase from 1 January 2015
Support Services Group Manager	65,408	Appointed 2 March 2015 and including 2.2% increase from 1 January 2015
Commercial Services Group Manager*	63,998	Appointed 1 January 2015 and including 2.2% increase from 1 January 2015
Customer First Group Manager	63, 875	Appointed 2 March 2015 and including 2.2% increase from 1 January 2015
Business Development Group Manager*	61,000	Appointed on 11 May 2015
Monitoring Officer*	53,034	The maximum salary is £45,136pa plus a 17.5% Responsibility Allowance
Section 151 Officer*	62,620	The Officer in post is currently on a protected salary until 30 September 2016. The maximum salary for the Finance Lead Specialist is £45,136pa plus a 17.5% Responsibility Allowance
* employed by West Devon Borough Council		

**Please note:** All chief officers operate under a shared service agreement with West Devon Borough Council and all salary and associated costs are shared on an agreed basis between the two councils.

The total annual salary cost of the new shared Senior Leadership Team (SLT) at 1 April 2016 is £444,961. The SLT consists of the 2 Executive Directors and the 4 Group Managers but excludes the s151 and Monitoring Officer.

The total salary cost of the previous shared management structure across the two councils in 2010/11 was £1,277,812 pa. This was reduced following major organisational change in April 2011 and the adoption of the interim Executive Director model in January 2014 to, £612,340pa. This salary cost includes the Executive Directors and Heads of Service (including s151 Officer) but excludes the Monitoring Officer.

2. The full-time equivalent annual salary of the lowest paid employee is an Administrative Officer, paid in accordance with spinal column point 10 of the National Joint Council for Local Government Services pay spine, currently £14,338.
3. The annual median salary of all employees is £19,742.
4. The Head of Paid Service's salary is a pay multiple of 4.91 times the median earnings.
5. The Head of Paid Service's is a pay multiple of 6.75 times the lowest paid employee.