CARLISLE CITY COUNCIL

www.carlisle.gov.uk

Report to Council

Agenda Item:

22

Meeting Date:	4 March 2014
Portfolio:	Finance, Governance and Resources
Key Decision:	No
Within Policy and Budget Framework	YES
Public / Private	Public

Title:	POLICY STATEMENT ON SENIOR OFFICERS PAY
Report of:	DIRECTOR OF RESOURCES
Report Number:	RD85/13

Purpose / Summary:

Section 38 (1) of the Localism Act 2011 required Authorities to produce and publish a pay policy statement for Chief Executives and Chief Officers by 31 March 2012 and to review the policy on an annual basis. Full Council approved the Policy Statement for the year 2013/14 at its meeting on 5th February 2013 and the attached statement now reflects any changes required for 2014/15. At their meeting on 20th January 2014, the Employment Panel approved the Statement for recommendation to Council.

Recommendations:

Council is requested to approve the Policy Statement on Senior Officers Pay for 2014/15.

Tracking

Executive:	**Not applicable**
Employment Panel:	**20 January 2014**
Overview and Scrutiny:	**Not applicable**
Council:	**4 March 2014**

CARLISLE CITY COUNCIL

www.carlisle.gov.uk

Report to Employment Panel

Agenda Item:

Meeting Date:	20th January 2014
Portfolio:	Finance, Governance and Resources
Key Decision:	No
Within Policy and Budget Framework	YES
Public / Private	Public

Title:	POLICY STATEMENT ON SENIOR OFFICERS PAY
Report of:	Director of Resources
Report Number:	RD76/13

Purpose / Summary:

Section 38 (1) of the Localism Act 2011 required Authorities to produce and publish a pay policy statement for Chief Executives and Chief Officers by 31 March 2012 and to review the policy on an annual basis. Full Council approved the Policy Statement for the year 2013/14 at its meeting on 5th February 2013 and the attached statement now reflects any changes required for 2014/15.

Recommendations:

The Employment Panel approves the 2014/15 Policy Statement on Senior Officers Pay for recommendation to Council on 4th March 2014.

Tracking

Executive:	**Not applicable**
Overview and Scrutiny:	**Not applicable**
Council:	**4th March 2014**

1. BACKGROUND

1.1 Section 38 (1) of the Localism Act 2011 required English and Welsh authorities to produce a pay policy statement for Chief Executives and Chief Officers by 31 March 2012 and to review the policy on an annual basis. It can be amended mid-year if required.

1.2 Full Council approved the policy statement for 2013/14 at its meeting on 5th February 2013 and this was subsequently published by the Council.

2. PROPOSALS

2.1 The Statement attached to this report, detailing the pay and associated benefits for Chief Officers and the Chief Executive, has been amended where necessary for 2014/15 which is now subject to the approval of full Council, as recommended by the Employment Panel.

3. CONSULTATION

3.1 None

4. CONCLUSION AND REASONS FOR RECOMMENDATIONS

4.1 The Employment Panel approves the 2014/15 Policy Statement on Senior Officers Pay for recommendation to Council on 4th March 2014.

The Statement meets the requirements of the Localism Act. Under the Council's Constitution, the Employment Panel is responsible for recommending to Council matters relating to pay and employment conditions.

5. CONTRIBUTION TO THE CARLISLE PLAN PRIORITIES

5.1 The Policy Statement on Senior Officers Pay exists to provide Members and the general public with a transparent framework in which Senior Officers are paid and rewarded for their work and instil confidence in the public.

Contact Officer: **Julie Kemp** **Ext: 7081**

Appendices attached to report: **Appendix – Policy Statement on Senior Officer Pay**

Note: in compliance with section 100d of the Local Government (Access to Information) Act 1985 the report has been prepared in part from the following papers:

- **None**

CORPORATE IMPLICATIONS/RISKS:

Chief Executive's – Not applicable

Economic Development – Not applicable

Governance – S38 of the Localism Act 2011 came in to force on 15 January 2012 and requires that we must publish for the year 2012/13 and each subsequent year:

- A pay policy statement setting out our policies relating to:
  - The remuneration of Chief Officers
  - The remuneration of our lowest paid officers
  - The relationship between the remuneration of the Chief Officers and employees that are not Chief Officers.
- We have to state our definition of 'lowest paid employees' together with our reasoning
- The statement has to explain:
  - CO levels on appointment/progression and increases and additions
  - Performance related pay
  - Bonuses
  - Payment on ceasing to hold office
- The Policy was first approved by a resolution of the Council on 31 March 2012
- As referred to above, the next statutory review of the policy is now due to take place
- We have to publish in a manner we see fit (including on our website)

Local Environment – Not applicable

Resources – Not applicable

CARLISLE CITY COUNCIL

POLICY STATEMENT ON SENIOR OFFICER PAY

1 Introduction and Purpose

1.1 This pay policy statement sets out Carlisle City Council's approach to pay policy in accordance with the requirements of section 38 (1) of the Localism Act 2011.

1.2 The purpose of this statement is to provide transparency with regard to the Council's approach to setting the pay of its employees by identifying:

- the methods by which salaries of all employees are determined;
- the detail and level of remuneration of its most senior staff;
- the Panel responsible for ensuring that the provisions set out in this statement are applied consistently throughout the Council and recommending any amendments to full Council.

1.3 A Statement was initially approved by the Council for 2012/13 and must be reviewed annually. This statement is for the year 2014/15.

2 Aims and principles

2.1 Carlisle City Council's aim to offer a remuneration package which is fair and equitable, complies with all the relevant legislation, enables it to attract and retain quality staff that will achieve its strategic and operational objectives and is underpinned by the need to achieve value for money having regard to its financial restraints.

3 Definitions

Senior Officers are the Town Clerk and Chief Executive and Chief Officers. The posts within Carlisle City Council that are classified as *Chief Officers* are the Deputy Chief Executive and Directors.

Lowest paid employees are those on grade A (£14,759 per year in April 2014). The Council uses this definition as it is the nearest equivalent to the old 'manual' grades which existed before job evaluation was used to determine pay and before Single Status was implemented. Jobs at this level are relatively straight forward, quick to learn and require limited pre-existing knowledge.

Employment Panel is a cross party group of Councillors who are responsible for recommending to Council pay and conditions for employees.

Multiplier is the ratio of pay between senior staff and other employees (at full time equivalent rates) i.e. the pay for the senior officer divided by that for the lower paid employees.

4 Pay Structure

4.1 The Pay Structure and pay related allowances for all employees below Chief Officer level (except apprentices and any employee on a "permitted work" scheme) is detailed in the document Pay Policy and Arrangements (internet link) which was approved by Council initially in November 2009, following extensive consultation with staff and updated on 01 December 2013 to implement the Living Wage increase. It is a local pay and grading structure which uses some of the nationally negotiated pay spines configured into local pay grades. Nationally negotiated cost of living awards are applied to those spine points that form part of the local pay structure.

4.2 From time to time, it may be necessary to take account of the external pay levels in the labour market in order to attract and retain employees with particular experience, skills and capacity. The document Pay Policy Arrangements details these.

5 Senior Management Remuneration

5.1 Terms of employment for senior officers in Carlisle City Council are derived from a number of sources:

- pay rates determined by Carlisle City Council;
- cost of living awards as negotiated nationally between the Local Government Employers Organisation (LGE) and the recognised trades unions and applied to existing pay grades;
- nationally negotiated terms and conditions of employment for chief offers and chief executives as appropriate;
- policies determined and approved locally by Carlisle City Council.

6 Responsibility for determining pay and allowances

6.1 The Employment Panel is responsible for proposing the pay and grading structure to Council.

6.2 In the case of senior officers' pay, the Employment Panel seek advice from a suitably experienced external organisation such as North West Employers Organisation (NWEO) to inform their recommendations.

6.3 Pay rates (including car allowances) for the Town Clerk and Chief Executive is reviewed each time the job is vacant, and may be reviewed between these periods on a decision by the Chair of the Employment Panel following a request from the post holder. A review can result in the pay remaining the same, an increase or a decrease. Market rates for District Councils form the basis of any review. The pay rate is a single pay point, within a range, and determined on appointment by the Employment Panel and is based on experience of the successful candidate.

6.4 In the case of the other senior officer posts, these are reviewed when organisational structural changes take place and use the Local Authority Senior Staff job evaluation scheme to determine the rank order, and market rates for a District Council to set the pay grade. The pay grades consist of three pay points.

6.5 Table 1, paragraph 10, gives current pay rates.

7 Elements of the remuneration package for senior officers

7.1 This is made up of:

- actual pay as determined by the Council
- car allowance of 9.09% of salary or participation in the Chief Executive or Chief Officer Car Lease Scheme to the same value

7.2 Pay for the Town Clerk and Chief Executive is a singe pay point within a range plus car allowance as detailed as detailed above. This rate includes returning officer duties for elections relating to Carlisle City Council. Fees for election duties for other elections (County Council, national and European elections) are paid as an additional sum at the rate prescribed by government as and when each election occurs.

7.3 Pay for the Deputy Chief Executive and Directors consists of three point scales and, subject to satisfactory performance, the officer progresses through the grade on an annual basis until the top of the grade is reached, in line with national conditions. A car allowance, as detailed above is also paid.

7.4 No bonuses, profit related pay or other allowances are paid as part of the regular pay. Honoraria for undertaking additional duties are only paid if the additional duties are significant.

8 Chief Executive and Chief Officers' Recruitment

8.1 Details of the appointment process for Chief Officers and Chief Executive is set out in the Council's constitution

http://www.carlisle.gov.uk/council_and_democracy/democracy_and_elections/about_the_council/constitution.aspx and democracy/democracy and elections/about the council/constitution.aspx. Recruitment is the responsibility of the Employment Panel to recommend the successful candidate to full Council for approval.

8.2 In the case of the Chief Executive, the Employment Panel determines the salary and take account of the experience of the successful candidate.

8.3 In the case of the Deputy Chief Executive and Directors, starting salary is normally the bottom point of their grade unless there are good reasons to pay at a higher point in the scale to secure the best candidate. Such a decision is made by the Employment Panel.

8.4 Return of Chief Officers or Chief Executive to local government after redundancy or early release. The same principle applies to all recruitment and any appointment is made on merit, regardless of whether the candidate has been made redundant or given early release in former employment. The provisions of the Redundancy Payments Modification Order would be applied in that if return to local government occurred within a month of redundancy, the redundancy payment would be forfeited. Cumbria County Council, as the administering body for the pension scheme operated by Carlisle City Council, implements 'abatement' which means that if pension plus earnings in the new job is greater than earnings prior to leaving or the pension is reduced accordingly.

8.5 Interim Support. Where the Council has need for interim support to cover work at Chief Officer or Chief Executive level, and there is no-one suitable within the Council, it will make use of agencies to recommend suitable candidates from which to select the most suitable. Selection will be in line with the appointment process for senior officers unless support is required too quickly to make this possible, when it will reported to Council at the earliest opportunity. The services of the successful interim will be engaged by either:

- On an agency basis where the person is employed by the agency *or*
- On a self employed basis where the person meets the HMRC definition of 'self employed' *or*
- Direct employment by the Council on a temporary contract.

Pay for temporary interim support will be at the required rate to secure a suitable candidate bearing in mind the temporary nature of the work, value for money, salaries within the Council and budgetary considerations.

At the date of this policy Statement, the Council has no temporary or interim support at Chief Officer level.

9 Other aspects of remuneration

9.1 Termination Payments – the Council's policy on termination payments in the event of redundancy or early release in the interests of the service (ERS) apply to all employees, irrespective of level in the organisation. Full details are given in the document *Redundancy and Early Release Schemes Policy, Guidance Notes and Procedures (internet link).*

In summary, redundancy payments are 2.5 times the statutory requirement and based on full pay, with the option to convert the sum above the statutory redundancy value to additional pension. Compensatory payments are not normally paid in the cases of early retirement in the interests of efficiency unless there is a strong business case for doing so in a particular situation. Where payments are made, these are equivalent to 1.5 times the statutory redundancy payment that would have applied had the officer been made redundant with the option to convert this to additional pension.

Dismissal of the Chief Executive and Chief Officers (including redundancy and early release) are made by Council on the recommendation of the Employment Panel.

9.2 Flexible Retirement. The policy on flexible retirement applies to all employees alike and details are covered in the document *Flexible Retirement Policy Guidance Notes and Procedures (internet link).* In summary, flexible retirement (with pension) is agreed if it is supported by a business case. Hours must be reduced by a minimum of 20% or grade by a minimum of one grade and earnings plus pension after flexible retirement must not be more than earnings before it.

9.3 Pension. Where employees exercise their statutory right to become members of the Local Government Pension Scheme, the Council is required to make a contribution to the scheme representing a percentage of the pensionable remuneration due to that employee. The contribution rate is set by Actuaries advising Cumbria County Council Pension fund and reviewed on a triennial basis in order to ensure that the scheme is appropriately funded. The current rate is 13.6% (provisional). The employee contribution rates are defined by statute and relate to the salary level of that employee.

Carlisle City Council applies the discretions given to them as an employer under the Local Government Pensions Regulations to all employees on the same basis. The key ones are shown in appendix 1 attached.

10 Senior Officers pay and its relation to that of other employees

10.1 All aspects of other employees' pay and related benefits are detailed in the document *Pay Policy and Arrangements (internet link)* .

10.2 Table one, below, shows details of senior officer's current pay and the relation ship to other staff's pay.

TABLE 1: Senior Officers' pay and its relationship with others

Position	£ Pay per year	Car allowance	£ Total pay + car allowance per year	Ratio to median pay**	Ratio to lowest paid staff *
Town Clerk and Chief Executive	A single point in range 96,627 – 104, 462	9.09% of salary	105,410 – 113,958	• 5.0:1 • 5.4:1	• 7.1:1 • 7.7:1
Deputy Town Clerk and Chief Executive	3 points in the grade – • 74,545 • 78,273 • 82,000	9.09% salary	• 81,321 • 85,388 • 89,454	• 3.8:1 • 4.0:1 • 4.2:1	• 5.5:1 • 5.7:1 • 6.0:1
Chief Officer	3 points within the grade • 52,500 • 55,250 • 58,000	9.09% salary	• 57,272 • 60,272 • 63,272	• 2.7:1 • 2.8:1 • 3.0:1	• 3.8:1 • 4.0:1 • 4.2:1

*Grade A staff – £14,759 per year for a full time employee. ** £21,067 per year for a full time employee

10.3 Carlisle City Council aims to keep these multipliers approximately the same in future years.

Appendix 1: **Summary of discretions exercised by Carlisle City Council as the employer under the Local government Pensions Scheme Regulations**

Regulation Number	Discretion	How applied by Carlisle City Council
52 and Benefits Regulations 2007 12	To increase membership of Scheme Members	Augmentation will not be granted except where the employee elects to convert their discretionary payment under Redundancy and Early Release in the interests of efficiency of the service to additional pension service – see discretionary payment below
Benefits Regulations 2007 12	To award additional pension to a member	Additional pension will not be granted
31 and Benefits Regulations 2007 30 (2)	To grant applications for early payment of benefits	Early payment of benefits, after age 55 but before age 60 will only normally be granted and will only be approved where it can be demonstrated to be in the employer's interest.
31 and Benefits Regulations 2007 30 (5)	To waive the percentage reduction on early payment of benefits.	Consideration, on compassionate grounds will be assessed on an individual basis.
67	To introduce a shared cost AVC SCAVC) arrangement	Carlisle City Council will **NOT** offer employees who contribute to the Local Government Pension Scheme, shared cost AVC arrangements. That is, Carlisle City Council will not contribute to any additional voluntary contribution contract on behalf of an employee, but this does not prevent employees taking out an AVC arrangement and contributing in their own right.
(Transitional Regulations) 9	To grant 'free' widowers pensions	Carlisle City Council will pay female spouses pensions, in respect of active members of the Local Government Pension Scheme on 1 April 1998, by counting service between 1st April 1972 and 5th April 1988.
13 (1) (c)	Specify in an employee's contract any additional pensionable allowances.	To consider on an individual basis whether to include other payments or benefits, other than those specified in regulation 13 (1) (a) and not precluded

		by regulation 13 (2) as pensionable.
18 (6) and (7)	To extend the normal time limit for a member to pay contributions to cover a period of absence from duty	To consider on an individual basis.
89	The employer may deduct pension contributions direct from a persons pay	To deduct contributions from employee's pay.
34 (1) (b)	If a scheme member is entitled to benefits under more than one regulation, the employer can choose which benefit is to be paid	To consider on an individual basis, if the employee does not make an election within three months of becoming entitled to elect.
66 (9) (b)	To allow a member more than 30 days to elect to convert AVC's into scheme membership	To consider on an individual basis.
92	Where a C.E.P is due from a refund of conts (part is paid by the member) the balance may be recovered from the Fund	To recover the balance of the Contributions Equivalent Premium (C.E.P) from the Fund.
88	A member due a refund is not so entitled if employment ceased due to fraud or grave misconduct, unless the employer directs that a total or partial refund may be paid	To consider on an individual basis.
111	If a member ceases employment and is convicted of an offence in connection with that employment which was gravely injurious to the state or liable to lead to serious loss of confidence in the public service, the employer may apply to the Secretary of State for a forfeiture certificate	To consider on an individual basis whether to apply for forfeiture certificate within three months of conviction.
112	If a forfeiture certificate is issued before the employer has applied for one, the employer may direct that interim payments are made out of the Pension Fund until such time as it decides to apply the forfeiture cert	To consider on an individual basis.
113	Where a member ceases employment because of a criminal, negligent or fraudulent act and has incurred a monetary	To consider on an individual basis.

	obligation as a result of this, the employer may recover said amount from the value of the member's pension rights	
115	Where a member ceases employment because of an offence involving fraud or grave misconduct and the employer has suffered a direct financial loss and a forfeiture certificate has been issued, the employer may recover the financial loss from the Pension Fund	To consider on an individual basis.
32 (8) 121 (8)	A member wishing to transfer in previous pension rights	A member must elect within 12 months of employment to amalgamate any previous service. This time limit will only be extended in exceptional circumstances.
65 (3)	To allow a member who has paid AVC's with a previous LGPS employer and who recommences employment within 1 month and 1 day, more than 1 month to elect to continue paying AVC's	To consider on an individual basis.
71 (7) (a)	The current employer may consent to a former employer assigning to them their rights under any life cover policy the former employer held for a member under an SCAVC arrangement	To consider on an individual basis.
Benefits Regulations 2007 18	Flexible Retirement	Members can elect to draw their pension from age 55 onwards while remaining in employment, but only if at the same time : • the employee takes up a lower graded job *or* • there is a minimum of 20% reduction in their working hours. *And* • Carlisle City Council approves the flexible retirement and will normally only be agreed when it is in the organisation's best interests. • The employee's earnings, including pension payment are not more than their earnings

		before the flexible retirement took effect (excluding any cost of living awards) Carlisle City Council will not normally waive any reduction in pension benefits arising as the result of flexible retirement unless there is a strong business case for doing so. Once Flexible Retirement has been agreed, Carlisle City Council will not normally allow the employee to work additional hours (on a permanent or temporary basis). It should be noted that this facility does not replace the Early Retirement and Voluntary Redundancy Schemes. It is merely an additional provision.
	Optional contributions during absence due to a trade dispute	Applications to pay contributions for absence due to a trade dispute must be made **in** writing by the employee within 30 days of the date of return to normal work or the date employment is terminated if earlier. (Although this period can be extended at the employer's discretion, it will only be done so in exceptional circumstances).
Discretionary Payments		
	1	Calculation of a redundancy payment will be based on the employee's contractual weekly earnings, and not the statutory redundancy payment ceiling.
Compensation Regulations 2006	2	Redundancy: Carlisle City Council will make a discretionary redundancy payment of 1.5 times the statutory entitlement in addition to the statutory requirement (giving a payment of 2.5 times statutory entitlement) (based on the employee's actual pay as above)
	3	Early retirement in The Interest of The Efficiency of The Service: Where an employee is granted early retirement in the interest of the efficiency of the service Carlisle City

		Council will not normally make any discretionary compensatory payment; however, where it decides to do so, this will be 1.5 times the statutory number of weeks that they would have received if they had been made redundant. based on actual pay.
	4	Members leaving Carlisle City Council through redundancy or early release in the interests of efficiency of the service may elect to convert discretionary payments received to additional pension service
	NB	Where at the sole discretion of the Carlisle City Council an employee is made redundant or granted early retirement in the interests of the efficiency of the service the award should depend on there being a clear value for money case. Carlisle City Council will take into account the full effects of the strain on the pension fund resulting from the early payment of benefits as well any additional costs.

EXCERPT FROM THE MINUTES OF THE EMPLOYMENT PANEL HELD ON 20 JANUARY 2014

EMP.04/14 POLICY STATEMENT ON SENIOR OFFICERS PAY

The Financial Services & HR Manager presented report RD.76/13 containing the Policy Statement on Pay for Senior Officers.

The Financial Services & HR Manager reported that Section 38 (1) of the Localism Act 2011 required English and Welsh Authorities to produce a pay policy statement for the Chief Executive and Chief Officers by 31 March 2012 and to review it annually. She reminded the Panel that the Council had agreed the pay policy statement for 2013/14 in February 2013.

The Statement attached to the report detailed the pay and associated benefits for Chief Officers and the Chief Executive and had been amended where necessary for 2014/15 which was subject to the approval of full Council.

In response to Members questions the HR Advisory Service Team Leader reminded the Panel that they had previously approved the principal of the living wage and amended the Council's Grade A salary scale in line with the increase. In November 2013 the Living Wage Foundation increased the Living Wage, and through an Officers Decision, the City Council increased its Grade A Salary Band in November 2013 to reflect this. The increase in the Living Wage made a marginal change to the ratio to median pay and ratio to lowest paid staff as set out in the report.

RESOLVED – That the amended 201415 Policy Statement on Senior Officers Pay be recommended to Council for approval.