

County Council

Report Title:	Pay Policy Statement
Meeting Date:	16 March 2023
Lead Councillor(s):	Councillor Bobby Bennett
Local Councillor(s):	All
Director:	Jeanette Bray, Head of HR
Assistant Director or Head of Service:	Jeanette Bray, Head of HR
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Brief summary of the item to be considered

1. The purpose of this paper is to seek the approval of the County Council to the proposed Pay Policy Statement 2023/2024.

Action recommended

2. That the Pay Policy Statement for 2023/2024 is approved.
3. That the Director of Corporate Services and Deputy Chief Executive is delegated authority to amend the Pay Policy Statement to reflect any legislative changes during 2023/2024 and this is delegated to the Head of HR whilst the role is vacant.

Reason for recommendation

4. Section 38 (1) of the Localism Act 2011 requires the Council to produce a Pay Policy Statement each year. This statement is for the year 2023/2024.
5. The Pay Policy Statement:
 - a) must be approved by the County Council by the end of March each year;
 - b) may be amended during the financial year;
 - c) must be published on the Council's website;
 - d) must be complied with when setting the terms and conditions of Chief Officer employees.
6. The Pay Policy Statement must include the following information:
 - a) the policy on the level and elements of remuneration for Chief Officers;
 - b) the remuneration of the lowest paid employees;

- c) the relationship between the remuneration of Chief Officers and other officers; and
 - d) other aspects of Chief Officer remuneration, fees and charges and other discretionary payments.
7. Remuneration in this context is defined widely to include pay, charges, fees, allowances, benefits in kind, increases in enhancements of pension entitlements and termination payments.

Alternative options

8. It is a requirement on the Council to produce a Pay Policy Statement; therefore, there are no alternative options.

Who will be affected by this decision?

9. The decision has no effect on any employees.

How does this relate to the County Council objectives?

10. This report is linked to the County Council’s objectives indicated below:

Promoting and supporting the health and wellbeing of all people in Suffolk	<input type="checkbox"/>
Strengthening our local economy	<input type="checkbox"/>
Protecting and enhancing our environment (including carbon reduction)	<input type="checkbox"/>
Providing value for money for the Suffolk taxpayer	<input checked="" type="checkbox"/>

How will this impact on the Council’s objectives?

11. The decision has no impact on the Council's objectives.

Main body of report

12. The Council recognises that, in the context of managing scarce public resources, remuneration at all levels needs to be adequate to attract and retain high quality employees, dedicated to public service, whilst avoiding being unnecessarily generous or otherwise excessive.
13. Local authorities can determine their own pay structures to address local priorities and to compete in the local labour market.
14. The Pay Policy Statement covers the remuneration arrangements for staff from Chief Executive to Senior Manager level. This includes the Chief Executive, Deputy Chief Executive, Directors, Assistant Directors and Senior Managers. In line with guidance published by the Local Government Association, it does not include information relating to staff in schools.
15. The Pay Policy Statement only details remuneration levels for staff directly employed by the Council.

Chief Executive

16. The Chief Executive is the Council's Statutory Head of Paid Service (section 4(1) of the Local Government and Housing Act 1989). From 01 April 2022, the post has been paid £186,383 per annum.
17. The salary is a "spot salary" which means that it does not attract pay progression. Under current arrangements, any change to the pay level of the role of Chief Executive needs to be agreed by the Staff Appointments Committee. The Staff Appointments Committee meets on demand, includes one member of the Cabinet, and has representation from the larger political groups through the proportionality rules.
18. The salary does attract an annual pay award / cost of living increase which usually reflects the pay award agreed by Joint National Council (JNC) for Local Authority Chief Executives annually. The increase has not yet been agreed or applied for 2023/2024.
19. There are no additional charges, fees, allowances, bonus, performance, or ex gratia payments in place for this role.
20. The Chief Executive has been appointed to the post of Returning Officer for the Council which attracts an allowance equivalent to £17.51 per seat whether contested or not for each election.
21. Other Conditions of Service are as prescribed by the Joint National Council (JNC) for Local Authority Chief Executives national conditions.

Deputy Chief Executive, Executive and Corporate Directors

22. The salary structure for Directors is set locally through the Staff Appointments Committee and ranges from £119,543 to £161,491 per annum from 01 April 2022. New appointments to this level are on a "spot salary" basis and do not attract pay progression.
23. Director's salaries do attract an annual pay award / cost of living increase which usually reflects the pay award agreed by Joint National Council (JNC) for Local Authority Chief Officers annually. The increase has not yet been agreed or applied for 2023/2024.
24. Except for the Director of Fire & Public Safety / Chief Fire Officer's post, roles are evaluated at Director level through the nationally recognised Hay job evaluation framework. The Chief Fire Officer's post is evaluated in accordance with the National Joint Council for Brigade Managers of Local Authority Fire and Rescue Services.
25. In the main, other Conditions of Service are as prescribed by the Joint National Council (JNC) for Local Authority Chief Officers national conditions. The Chief Fire Officer has conditions as set under the National Joint Council for Brigade Managers of Fire and Rescue Services.

Assistant Directors, Senior Managers and equivalent

26. The salary ranges for Assistant Directors and Senior Managers from 01 April 2022 are as follows:

- a) Assistant Director - £80,584 per annum - £111,238 per annum
 - b) Senior Manager - £66,065 per annum - £74,631 per annum
27. Assistant Directors, Senior Managers and equivalent salaries do attract pay progression, so from 01 April 2020, where not appointed on a Spot Salary and if the eligibility and performance criteria have been met, individual's salaries will increase by one spinal point.
 28. Assistant Directors, Senior Managers' and equivalents salaries do attract an annual pay award / cost of living increase as agreed by Joint National Council (JNC) for Local Authority Chief Officers or equivalent annually. The increase has not yet been agreed or applied for 2023/2024.
 29. Roles are evaluated through the Hay job evaluation framework, except for those senior staff within the Fire and Rescue Service and Public Health. The Fire and Rescue Service roles are evaluated in accordance with the National Joint Council for Brigade Managers of Fire and Rescue Services and the NHS roles were evaluated under the Agenda for Change job evaluation process.
 30. Other Conditions of Service are as prescribed both by the Joint National Council (JNC) for Local Authority Chief Officer's national conditions as well as local arrangements within the Council. Senior staff within the Fire Service have conditions as set under the National Joint Council for Brigade Managers of Fire and Rescue Services: Scheme of Conditions of Service.
 31. Further information relating to Officer remuneration is updated annually and is available in the Council's Statement of Accounts.

Salary structure

32. The salary structure for the rest of the workforce was determined through the Council's Single Status Agreement in 2002. There are eight grades with salaries ranging, from 01 April 2022, between £20,258 per annum to £65,191 per annum.
33. All annual salaries and annual allowances are paid pro rata to part time employees based on the hours contracted to work.
34. Unless exceptional circumstances apply, those in apprentice roles are paid at the bottom of the grade below the role the apprentice is working towards or two grades below if the apprenticeship is more than two years in duration. For apprentices where there isn't a grade available one or two grades below the role they are working towards, the starting salary will be the National Living Wage rate for those 23 and over (regardless of age). Any exceptional circumstances must be agreed by the Head of HR. Where the apprenticeship is more than two years and the apprentice is appointed two grades below the role they are working towards, there will be an opportunity to move up to the intermediate grade on successfully meeting specific requirements of the apprenticeship and any competencies relating to the job as identified and assessed by the line manager and set out at the start. This can be applied no earlier than the half-way point of the duration of the apprenticeship or before 50% of the apprenticeship learning is complete.

35. For the purposes of the Pay Policy Statement 2023/2024, the lowest paid full time equivalent basic pay of £20,258 per annum is used to determine the local definition of 'lowest paid'. This rate is slightly higher than the National Living Wage rate of £10.42 from 01 April 2023.
36. The salaries associated with the eight Single Status grades do attract an annual pay award / cost of living increase as agreed through National Joint Council (NJC) pay negotiations. The increase has not yet been agreed or applied for 2023/2024.
37. Posts up to and including Grade 8 are evaluated using the NJC Job Evaluation Scheme, which is recognised by employers and trades unions nationally. This scheme allows for robust measurement against set criteria resulting in fair and objective evaluations and satisfies equal pay requirements.
38. Individuals employed on the eight Single Status grades do attract pay progression, so from 01 April 2020, where not appointed on a Spot Salary and if the eligibility and performance criteria have been met, individual's salaries will increase by one spinal point, up to the maximum for the grade.
39. Following the implementation of the new national pay spine for all Single Status and JNC employees from 01 April 2019, there was an agreement with Unison that SCC would review our existing payscales. This review has now concluded with a number of spinal points were removed from 01 April 2021 and 01 April 2022.
40. In all other cases employees will be on protected salaries / grades which have been transferred from other organisations under the Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE). Pay progression and annual pay award / cost of living increases will have been agreed as part of the transfer measures. In the absence of an agreement on annual pay award / cost of living increases the Council will award an annual increase equivalent to the increase agreed through the (NJC) pay negotiations.

Pay relationships

41. The idea of publishing the ratio of the pay of an organisation's top earner to that of its median earner (the person in the middle of all earners) was recommended in the "Hutton Review of Fair Pay in the public sector report (Will Hutton 2011) to support the principles of fair pay and for transparency.
42. Although no fixed limit on pay dispersion was enforced for the public sector, the report identified a ratio of 20:1 as a potential limit, meaning the highest paid person would earn no more than 20 times the earnings of the lowest paid.
43. The current pay ratio in SCC when measured against the median average is 1:6.0. This means that the Chief Executive (top earner) earns nearly seven times more than the Council's median earner (for which the rate is £31,099 per annum); and when measured against the lowest paid it is 1:9.2 (for which the rate is £20,258 per annum).
44. The pay relationship between highest, median and lowest paid staff monitored each year, with no material change in this relationship in recent years.

Allowances, fees and benefits in kind

45. Access to the Council's Relocation scheme may be granted in certain cases when it is necessary for a new starter to move to the area. This requires authorisation from the Chief Executive and / or Staff Appointments Committee for Chief Officer appointments and Directors for all other posts.
46. Other allowances and benefits typically follow nationally agreed rates. Locally agreed arrangements are detailed on askHR for staff.

Pay on appointment across the organisation

47. All new external appointments will be made at the lowest spinal column point of the relevant grade, save in exceptional circumstances. The decision as to whether exceptional circumstances exist will be made by the relevant Assistant Director.

Pensions

48. Under Automatic enrolment rules staff who are between 22 years old and State Pension age and whose earnings exceed the equivalent of £10,000 per annum in any given period of pay will be automatically put into a pension scheme. The Council will pay the relevant employer contribution for the time these individuals are in the scheme, in addition to the contributions made by employees.
49. The Council pays into the following pension schemes:
 - a) Local Government Pension Scheme
 - i) The Local Government Pension Scheme changed from a Final Salary scheme to a Career Average Revalued Earnings scheme on 01 April 2014. All benefits accrued before April 2014 are protected in that they will continue to be based on the employee's final salary. Individuals can opt to pay half contributions for half a pension in the 50/50 scheme and will still receive full ill health and death benefit cover and the Council will continue to contribute the full rate of employer's contributions. The Local Government Pension Scheme determine these terms.
 - b) Fire-fighters Pension Scheme 1992
 - c) Fire-fighters Pension Scheme 2006
 - d) Fire-fighter Pension Scheme 2015
 - i) The Fire-fighters Pension Scheme 2015 is a Career Average Revalued Earnings scheme. Fire-fighters who are members of the 1992 Scheme and were aged 45 or over on 01 April 2012 are protected from the changes and remain in their current Final Salary scheme.
 - e) Teachers' Pension Scheme
 - i) The Teachers' Pension Scheme became a Career Average Revalued Earnings scheme on 01 April 2015. Teachers' who were within 10 years of their normal pension age on 01 April 2012 are protected from the changes and remain in the Final Salary scheme.

- f) NHS Pension Scheme
 - i) The NHS Pension Scheme became a Career Average Revalued Earnings scheme on 01 April 2015. NHS Pension Scheme members who were within 10 years of retirement on 01 April 2012 are protected from the changes and remain in the Final Salary scheme until they retire.

Severance and Termination Arrangements

- 50. The Council's approach to statutory and discretionary payments on termination of employment of Chief Officers, prior to reaching normal retirement age, is set out in accordance with regulations 5 and 6 of the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006; the Council's Pension arrangements are in accordance with decisions taken at the County Council meeting on 14 September 2006 (CC06/30) and the Organisational Change Management Policy.
- 51. The Pay Policy determines that staff, paid £50,000 per annum or more whilst in employment and who left the Council for reason of redundancy, or staff who received an ex-gratia payment and/or payment under a Settlement or COT3 Agreement of any value, will not ordinarily be re-employed by the Council within 12 months of leaving.
- 52. Re-employment includes interim and consultant roles or any form of worker, engaged directly or indirectly through an agency, contract for services or similar.
- 53. The purpose of this is to ensure management take all reasonable steps to minimise redundancies, to maximise redeployment opportunities for current staff and to proactively manage people costs.
- 54. Exceptions to this will be considered by the Head of HR, where one or more of the following circumstances arise:
 - a) Roles which are typically hard to fill.
 - b) Situations where the individual has been reskilled and is applying for a different role based on these new skills.
 - c) Where an employee has been made compulsory redundant.
- 55. If the Head of HR approves the candidate for short listing, a full selection process must be completed.
- 56. Staff paid less than £50,000 per annum whilst in employment, and who left the Council for reason of redundancy may be re-employed by the Council after a month and a day of leaving.
- 57. As detailed in Section 116 of the Local Government Act 1972, an individual is disqualified from being employed by Suffolk County Council for a period of twelve months after they have ceased to be a member (Councillor) of the authority.

Recovery of exit payments

- 58. The Small Business, Enterprise and Employment Act 2015 requires that where a person returns to any part of the public sector (not just the area they left) after they have received a public sector exit payment within the previous 12 months,

they will be required to repay the exit payment, net of tax paid. This will apply to all public sector employees and office holders earning over £80,000 per annum.

59. It is possible requirement this may come into force during 2023/2024 and will be reflected in the Pay Policy Statement at that time.

Public Sector Pay Cap

60. The Restriction of Public Sector Exit Payments Regulations 2020 (“the Regulations”) came into force on 04 November 2020 and placed a £95,000 cap on exit payments to individuals in the Public Sector. The cap included all payments in relation to all exits, including pension strain costs / capital costs.
61. On 12 February 2021 HM Treasury Directions published guidance confirming the Regulations would be revoked. After an extensive review of the application of the cap the Government concluded there may have had unintended consequences from the caps application and therefore the Regulations were revoked.
62. It is possible that there may be new legislation implemented during 2023/2024 relating to restrictions of Public Sector Exit Payment. Any changes will be reflected in the Pay Policy Statement at that time.

Decision Making

63. Decisions on salary structures are made as follows:
- a) Decisions relating to the Chief Executive, Designated Officers and Director’s basic salaries are approved by Staff Appointments Committee which is a public committee. All papers pertaining to Staff Appointments Committee are available on the Council website for public scrutiny except for Part 2 papers which are shared with committee members under confidential cover.
 - b) Decisions affecting other staff at a senior level are made by the relevant Director.
 - c) The Constitution defines that the salary and grading structures of all posts below that of Senior Manager level is delegated to the Head of HR, subject to observance of appropriate procedures and rights of appeal.

Gender Pay Reporting

64. By 30 March each year public sector organisations, who employ 250 or more people, are required to produce a Gender Pay Gap report, which includes six specific measures. The report must be published, on the organisation’s website and on a dedicated government site.
65. The six measures are:
- a) **Mean gender pay gap:** The difference between the mean hourly rate of pay of male full-pay employees and that of female full-pay employees
 - b) **Median gender pay gap:** The difference between the median hourly rate of pay of male full-pay employees and that of female full-pay employees

- c) **Mean bonus gap:** The difference between the mean bonus pay paid to male employees and that paid to female employees
- d) **Median bonus gap:** The difference between the median bonus pay paid to male employees and that paid to female employees
- e) **Bonus proportions:** The proportions of male and female relevant employees who were paid any bonus pay during the relevant period
- f) **Quartile pay bands:** The proportions of male and female full-pay employees in the lower, lower middle, upper middle and upper quartile pay bands

66. The Council is reporting

- a) A mean gender pay gap of 10.3%%, a 0.5% improvement from last year.
- b) A median pay gap of 13.8%, a 1.0% improvement from last year.
- c) SCC do not pay any form of bonus payments to staff.
- d) SCC do not pay any form of bonus payments to staff.
- e) SCC do not pay any form of bonus payments to staff.
- f) Quartile pay bands:

	Male	Female
Lower quartile	19.3%	80.7%
Lower middle quartile	25.8%	74.2%
Upper middle quartile	36.8%	63.2%
Upper quartile	67.0%	33.0%

67. The full Gender Pay Gap report is provided alongside this report, as Appendix 1.

Conclusion

68. In conclusion, it is recommended that:

- a) That the Pay Policy Statement for 2023/2024 is approved.
- b) That the Director of Corporate Services and Deputy Chief Executive is delegated authority to amend the Pay Policy Statement to reflect any legislative changes during 2023/2024 and this is delegated to the Head of HR whilst the role is vacant.

Sources of further information

- c) The Council's Statement of Accounts are available at the following link:
<https://www.suffolk.gov.uk/council-and-democracy/budget-council-tax-and-finance/council-accounts/>
- d) The Council's Transparency Data relating to staff salaries is available at the following link:
<https://www.suffolk.gov.uk/council-and-democracy/council-data-and-transparency/>
- e) Details relating to the Staff Appointments Committee are available at the following link:
<https://www.suffolk.gov.uk/council-and-democracy/the-council-and-its-committees/committees/staff-appointments-committee/>
- f) The Pay Policy Statement 2022/2023 was agreed by Council on 24 March 2022 and is available at the following link:
<https://committeeminutes.suffolk.gov.uk/HomePage.aspx>