

**AGENDA ITEM NO: 8(e)**

**DERBYSHIRE COUNTY COUNCIL**

**COUNCIL**

**5 February 2014**

**Report of the Chief Executive and the Director of HR**

**PAY POLICY STATEMENT**

**1 Purpose of the Report**

To agree the attached updated pay policy for Derbyshire County Council in accordance with the provisions of the Localism Act 2011.

**2 Information and Analysis**

Section 38 of the Localism Act 2011 requires English and Welsh local authorities to produce a pay policy statement for each financial year. The Act does not apply to local authority schools, including teachers or some other employees, eg Soulbury, ie Educational Psychologists etc. The Pay Policy Statement (Appendix A) also complies with the Code of Recommended Practice for Local Authorities on Data Transparency 2011 which requires the publication of certain pay data and defines senior employees' pay as those who have an annual salary of £58,200 (FTE) and above.

The Localism Act requires that Pay Policy Statements are approved formally at Council meetings. If necessary, the Pay Policy can be amended during the year, and if this is required a further report will be brought to Council.

Members will be aware that since the implementation of Single Status on 1 April 2010 all employees covered by the Pay Policy have enjoyed the same pay related terms and conditions, although the Chief Executive, Chief Officers and local government services employees have different national negotiating bodies that determine other conditions of employment, for example disciplinary procedures. All the jobs included have also been subject to job evaluation and are paid in accordance with the same local pay spine.

The Pay Policy has been amended to reflect:-

- Pay award for Single Status employees for 2013/14

- Implementation of the Living Wage for 2014/15
- Revised Senior Corporate Management Structures - agreed by Cabinet in November 2013.
- Market Rates – agreed by Cabinet in July 2013.

The Council has sought to address issues relating to low pay in the Council and also mitigate the effects of the 3 years pay freeze for Local Government Services employees by deleting pay points 1 and 2 from Grade 1/2 to restore a differential with the National Minimum Wage eroded by the pay freeze, and implement the Living Wage of £7.65 by the payment of a Living Wage allowance.

Cabinet, at its meeting on 12<sup>th</sup> November 2013 approved a revised Corporate Senior Management Structure to align resources to meet the priorities of the Council. It is anticipated that this would produce initial savings of £240,000. The report identified that there would be subsequent reviews of departmental senior management teams which will impact on the posts referred to in Appendix 3 and lead to changes in the senior management structure of the Council detailed in Appendix 1 which would produce further savings. In addition, Cabinet also agreed to delete deputy allowance payments, subject to consultation with employees and the relevant trade unions. Although the proposed change is reflected in the Council's Pay Policy Statement, Members should be aware that the process of consultation is still underway.

The Pay Policy Statement has been prepared in order to be as open and transparent as possible and will be made available on the Council's website. The requirement for the Policy also reflects the concerns over low pay highlighted in Will Hutton's 2011 Review of Fair Pay in the Public Sector. This stated that the ratio between the highest paid salary and the median average, should provide a pay multiple of no more than 20:1. It is not a requirement to publish this ratio, but it is included in the Council's Pay Policy Statement.

It is important to note that pay differentials included in the Pay Policy at Appendix 4 show that senior employees' pay in the Council is in the lower quartile when compared to national public sector pay levels produced by Hay.

This situation will continue to be monitored as this may give rise to recruitment and retention difficulties in the future. The Council currently has a single pay spine and does not apply market rates or performance related pay to senior employees (ie Grade 16 and above).

The Council has not been advised of any national pay award for employees groups covered by the Pay Policy, the salaries quoted are

those currently applicable. In accordance with the Pay Policy these will be updated to reflect any subsequent pay award for 2014/15.

**3 HR Considerations**

The Pay Policy Statement has been discussed with named employees. The Policy will continue to be developed and enhanced, especially around identifying potential areas of difficulty.

**4 Considerations**

In preparing this report the relevance of the following factors have been considered: legal, prevention of crime and disorder, equality and diversity, environmental, health, property and transport.

**5 Key Decision**

No

**6 Call-in**

Not applicable

**7 Background Papers**

Background papers are held by the Director of HR.

**8 Officers' Recommendation**

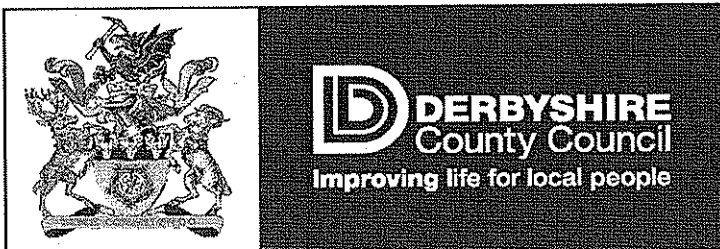
That Council approves the attached Pay Policy Statement.

**IAN STEPHENSON  
CHIEF EXECUTIVE**

**TONI COMPAI  
DIRECTOR OF HR**

# **Derbyshire County Council**

## **Pay Policy Statement**



**Toni Compai**  
**Director of HR**  
**April 2014**

## **1. Introduction**

This document sets out the Pay Policy Statement for Derbyshire County Council for 2014/15.

Any appointments above £100k and any amendments to this pay policy will require the approval of the Council.

## **2. Scope**

This policy applies to all Council employees in accordance with the provisions of the Localism Act 2011. The policy does not apply to staff of local authority schools.

The policy is also compliant with the Code of Recommended Practice for Local Authorities on Data Transparency 2011 which defines senior employee salaries as annual salaries of £58,200 (full time equivalent) and above which in Derbyshire is pay point 58, Grade 16 of the Derbyshire Pay and Grading Structure.

## **3. About the Council**

The Council has a revenue budget of over £1.1bn with 64 local councillors representing the 760,000 residents of Derbyshire, and delivers services to every community across the county.

The Council employs 35,000 people across five departments. The Chief Executive and Strategic Directors form the Council's Corporate Management Teams that leads the work that provides services across Derbyshire. Appendix 1 details the senior management structure in the Council.

The Council spends over a billion pounds every year on delivering vital services to the people and communities of Derbyshire. It is important that the services provide excellent value for money and make the best use of our resources.

The Council currently:-

- Supports 419 schools.
- Runs 54 children's centres.
- Supports 425 foster carers, runs 13 children's homes and seven family support centres
- Helps more than 35,000 people with complex needs to live at home. Supports over 3,000 people in residential care.
- Assists 1,400 people to arrange their own services through Direct Payments.
- Maintains 3,282 miles of roads, 1,082 bridges, 3,216 miles of public rights of way and over 92,000 street lights.
- Operates a gritting route that covers 1,862 miles
- Runs 45 branch libraries, 10 mobile libraries, 1 museum & art gallery, record office, school library service and arts service.
- Manages 5 country parks and 10 nature reserves

- Disposes and recycles more than 400,000 tonnes of waste each year.
- Manages a network of 265 miles of multi user trails/greenways.
- Provides 220 school crossing patrols.
- Has 1224 businesses that are members of our Trusted Trader scheme.
- Provides over 3,000 businesses with trading standards advice and support each year.
- Manages over a million transactions to Call Derbyshire annually and has over 100,000 visitors to our website each month.
- Responds to approximately 400 emergency planning incidents each year.

#### **4. Pay Structure**

The Council's pay structure for all employees, including senior employees, was determined using the principles of the Hay job evaluation scheme with pay ranges for each grade in the structure. The Derbyshire Pay and Grading structure is attached at Appendix 2. The new arrangements for grades 1 to 16 were introduced on 1 April 2010 and all new jobs are evaluated using the Hay job evaluation scheme and the grades applied as appropriate.

The Council has agreed to apply market rates to specific posts to address recruitment and retention difficulties subject to strict criteria and Cabinet approval.

Median gross pay is £16,754 which represents a 8:1 ratio to that of the Chief Executive.

#### **5. Senior Employee Pay**

The pay structure for all senior employees follows the Hay job evaluation methodology. The pay details of senior employees covered by grades 16 to 21 are set out in Appendix 3. Attached at Appendix 4 is a Hay public sector pay comparison data for grades 17 and above which includes salaries across the public sector, including the NHS.

Performance related pay and bonuses, including lease cars do not form part of senior employees' pay within the Council.

Public Health transferred to the Council in 2013 and the Director of Public Health has become part of the senior management structure. The salary for the post remains within Primary Care Trust (PCT) Band 4 which is a fixed salary not subject to incremental progression. There are a further 6 Public Health employees paid above the senior officer threshold of £58,200 who transferred to the Council on 1 April 2013, following the transfer, their pay (NHS terms and conditions) is protected for 2 years.

#### **6. Lowest Paid Employee**

The first pay point on Grade 1/2, currently £12,681, is the salary that is defined as the lowest within the Council.

The Council has agreed to pay the Living Wage as an allowance to all employees currently earning below £7.65 per hour which is equivalent to £14,758 per annum.

## **7. Starting Pay**

All employees, including senior employees, will normally be appointed to the minimum point of the pay grade for the job.

In certain cases it may be appropriate to appoint to a higher point in the pay grade. This may arise when, for example, the preferred candidate for the job is in, or has been in receipt of, a salary at a higher level than the grade minimum.

## **8. Pay Progression**

All employees, including senior employees, receive annual increments until the top of their salary grade has been reached. The first increment is paid when the employee has been in post for 12 months.

## **9. National Pay Award**

Derbyshire Pay and Grading Structure grades are adjusted by any "cost of living" increase agreed nationally by the relevant National Joint Committee.

## **10. Terms and Conditions**

The implementation of the Single Status Agreement in 2010 harmonised the terms and conditions of service of employees in Local Government Service to remove any inequality in pay and reward arrangements. The arrangements included two main elements:

- The introduction of a revised pay and grading structure, based on job evaluation principles.
- New terms and conditions of service including both pay and non-pay related matters for those groups affected. These conditions are known as the Derbyshire Package.

These revised terms and conditions were agreed with effect from 1 April 2010. Consequently all employees enjoy the same terms and conditions of employment. Whilst Chief Officers were not covered by the national Single Status Agreement, they are subject to the same terms and conditions of employment as all other employees.

## **11. Protection of Earnings Policy**

The Council's policy on Protection of Earnings applies to all employees of the Council and provides protection for an employee's basic pay where it is reduced as a result of:

- organisational restructuring.

- redeployment into a suitable alternative vacancy where the individual is at risk of or under notice of redundancy.
- redeployment into a suitable alternative vacancy on health grounds.
- the introduction of a revised pay and grading system.

The period of pay protection is for a maximum of two years from the date of the change of basic pay.

## **12. Termination and Re-employment**

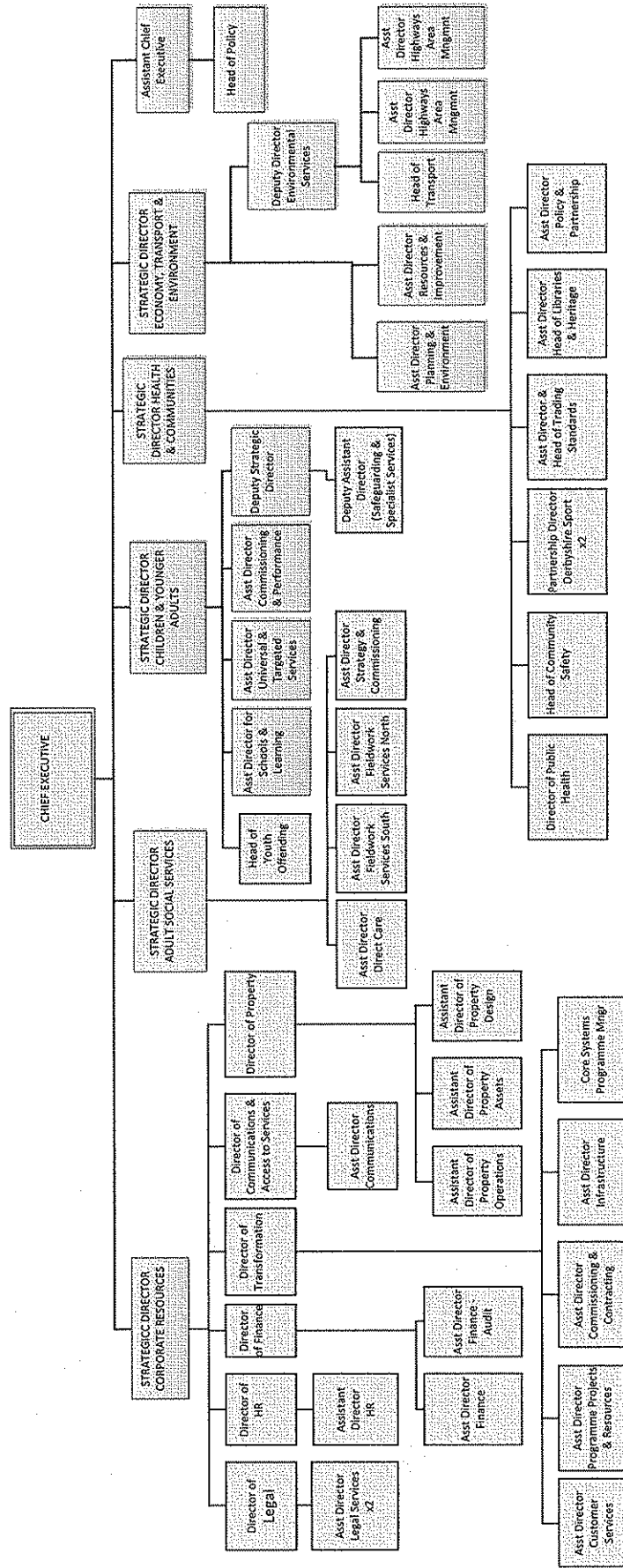
No additional payments are made to any employee of the Council, including senior employees, at their point of leaving the employment of the Council, except in circumstances of redundancy and that is in accordance with the Council's published Policy Statements.

How the Council exercises the various discretions provided by the Local Government Pension Scheme can be accessed by the following link.

[www.derbyshire.gov.uk/working\\_for\\_us/pensions/governance/policy\\_statements](http://www.derbyshire.gov.uk/working_for_us/pensions/governance/policy_statements)



## Appendix 1 – Senior Management Structure



## Appendix 2 – Derbyshire Pay & Grading Structure

Grade	Pay Point	£
Grade 21	84	151,056
	83	147,807
	82	144,558
	81	141,309
	80	138,060
Grade 20	79	118,895
	78	116,193
	77	113,491
	76	110,789
	75	108,087
Grade 19	74	96,474
	73	94,281
	72	92,088
	71	89,895
	70	87,702
Grade 18	69	91,381
	68	89,304
	67	87,227
	66	85,150
	65	83,073
Grade 17	64	79,754
	63	77,941
	62	76,128
	61	74,315
	60	72,502
Grade 16	59	60,494
	58	58,810
	57	57,127
	56	55,443

Grade	Pay Point	£
Grade 15	55	53,759
	54	52,127
	53	50,495
	52	48,863
Grade 14	51	47,231
	50	45,598
	49	43,966
	48	42,334
Grade 13	47	40,702
	46	39,631
	45	38,561
	44	37,490
Grade 12	43	36,420
	42	35,425
	41	34,430
	40	33,435
Grade 11	39	32,440
	38	31,471
	37	30,501
	36	29,531
Grade 10	35	28,562
	34	27,619
	33	26,677
	32	25,735
Grade 9	31	24,792
	30	24,231
	29	23,669
	28	23,108
Grade 8	27	22,546
	26	21,985
	25	21,423
	24	20,862
Grade 7	23	20,300
	22	19,738
	21	19,177
	20	18,615

<b>Grade</b>	<b>Pay Point</b>	<b>£</b>
Grade 6	19	18,054
	18	17,620
	17	17,187
	16	16,754
Grade 5	15	16,321
	14	15,989
	13	15,658
	12	15,327
Grade 4	11	14,995
	10	14,672
	9	14,349
	8	14,026
Grade 3	7	13,703
	6	13,447
	5	13,192
Grade 1 and 2	4	12,936
	3	12,681

### Appendix 3 Senior Employee Pay

Chief Executive	Salary	FTE	Grade
<b>Chief Executive: Ian Stephenson</b> <i>Responsible for all aspects of the overall running of the council and schools services. Overall budget of £1.1bn. The Council employs ca 35,000 staff (ca 19,050 fte), including schools, serving a local population of over 760,000.</i>	£138,060	1.0	21
<b>Assistant Chief Executive</b>	£83,073	1.0	18
<b>Head of Policy Unit</b>	£60,494	1.0	16

Corporate Resources	Salary	FTE	Grade
<b>Strategic Director Corporate Resources</b>	£108,087	1.0	20
<b>Director of Communications &amp; Access to Services</b> <i>Responsible for managing, protecting and developing the reputation of the Council by explaining and publicising its work. Budget ca £2.6m.</i>	£45,690	0.5	18
<b>Director of Communications &amp; Access to Services designate</b>	£42,575	0.5	18
Assistant Director Communications	£30,247	0.5	16
<b>Director of HR</b> <i>Responsible for the development and delivery of an effective, efficient and responsive HR service including Shared Services Centre, corporate and departmental HR teams; Budget ca £7.6m</i>	£91,381	1.0	18
Assistant Director of HR	£60,494	1.0	16
<b>Director of Finance</b> <i>Responsible for the management of the financial affairs of the Council, directly managing a number of key financial services including, pensions, audit, corporate accountancy, investments, insurance, payments, income. Budget ca £5m and pension fund of £2.6 bn</i>	£89,304	1.0	18
Assistant Director of Finance (Accountancy & Financial Strategy)	£60,494	1.0	16
Assistant Director of Finance (Audit)	£60,494	1.0	16
<b>Director of Transformation</b> <i>Responsible for the strategic development and operational management of Information and Communications Technology and for leading and co-ordinating a range of corporate programmes and projects. Budget ca £22m.</i>	£91,381	1.0	18
Assistant Director Commissioning & Contracts	£60,494	1.0	16
Assistant Director Customer Services	£60,494	1.0	16
Assistant Director Programmes, Projects & Resources	£60,494	1.0	16
Assistant Director Infrastructure	£60,494	1.0	16
Core Systems Programme Manager	£30,247	0.5	16
<b>Director of Property</b> <i>Responsible for property management including Valuation, Structural, Mechanical and Electrical Engineering, Energy Management and Design Services. Direct budget ca £132m.</i>	£91,381	1.0	18
Assistant Director of Property (Operations)	£55,443	1.0	16
Assistant Director of Property (Design)	£60,494	1.0	16
Assistant Director of Property (Assets)	£60,494	1.0	16

<b>Director of Legal Services</b> <i>Responsible for the provision of legal advice on all aspects of the Council's function and acts as the Monitoring Officer to ensure compliance with legal requirements.</i>	£89,304	1.0	18
Assistant Director of Legal Services	£57,127	1.0	16
Assistant Director of Legal Services	£60,494	1.0	16

<b>Health &amp; Communities</b>	<b>Salary</b>	<b>FTE</b>	<b>Grade</b>
<b>Strategic Director Health &amp; Communities</b> <i>Responsible for overseeing the Public Health, Community Safety, Trading Standards, Libraries &amp; Heritage and Sports Development services. Budget of £53.5m.</i>	£108,087	1.0	20
Partnership Director – Derbyshire Sport	£33,265	0.6	16
Partnership Director – Derbyshire Sport	£33,265	0.6	16
Head of Community Safety	£57,127	1.0	16
Director of Public Health	£97,000	1.0	PCT Band 4 (70%)
Assistant Director Head of Libraries & Heritage	£60,494	1.0	16
Assistant Director & Head of Trading Standards	£63,692	1.0	16
Assistant Director Partnership & Policy	£54,894	1.0	16

<b>Adult Care</b>	<b>Salary</b>	<b>FTE</b>	<b>Grade</b>
<b>Strategic Director Adult Care</b> <i>Responsible for ensuring high quality, responsive adult care services, promoting wellbeing and ensuring better integration of adult social services with a range of partner agencies in the local community. Shared budget responsibility ca £275m.</i>	£118,895	1.0	20
Assistant Director - Direct Care	£79,754	1.0	17
Assistant Director - Fieldwork Services – South	£79,754	1.0	17
Assistant Director – Fieldwork Services – North	£79,754	1.0	17
Assistant Director – Strategy & Commissioning	£79,754	1.0	17

<b>Children &amp; Younger Adults</b>	<b>Salary</b>	<b>FTE</b>	<b>Grade</b>
<b>Strategic Director Children and Younger Adults Service</b> <i>Responsible for the delivery and promotion of services to children and families; for adult education and transition services for disabled persons aged 11-25 years. Shared responsibility in gross budget £639m.</i>	£113,491	1.0	20
Deputy Strategic Director	£79,754	1.0	17
Assistant Director for Schools and Learning	£79,754	1.0	17
Assistant Director Commissioning & Performance	£79,754	1.0	17
Assistant Director Universal & Targeted Services	£76,128	1.0	17
Head of Youth Offending	£60,494	1.0	16
Deputy Assistant Director (Safeguarding & Specialist Services)	£60,494	1.0	16

<b>Environmental Services</b>	<b>Salary</b>	<b>FTE</b>	<b>Grade</b>
<b>Strategic Director Economy Transport and Environment</b> <i>Responsible for leading and managing the development and implementation of strategic policies and plans to ensure the provision of the Council's Environmental Services, covering highways and transport, strategic planning, waste management, environment and countryside matters. Capital Budget of ca £96m.</i>	£108,087	1.0	20
Deputy Director of Environmental Services	£72,502	1.0	17
Assistant Director of Planning & Environment	£79,754	1.0	17
Assistant Director Highways Management	£36,296	0.6	16
Assistant Director Highways Management	£36,296	0.6	16
Assistant Director Resources & Improvement	£60,494	1.0	16
Assistant Director Transport Policy	£60,494	1.0	16

## Appendix 4 Public Sector Pay Comparisons

Grade	Job Title	Upper Quartile	Median	Lower Quartile
21	Chief Executive	243,179	241,553	165,026
20	Strategic Director, Children and Younger Adults	143,759	127,185	115,785
20	Strategic Director, Adult Care	143,759	127,185	115,785
20	Strategic Director, Economy, Transport & Environment	136,462	120,262	108,595
20	Strategic Director, Health and Communities	tbc	tbc	tbc
20	Strategic Director, Corporate Resources	tbc	tbc	tbc
18	Assistant Chief Executive	107,165	95,715	86,505
18	Director of Property	107,165	95,715	86,505
18	Director of Communications and Access to Services	107,165	95,715	86,505
18	Director of Transformation	107,165	95,715	86,505
18	Director of Finance	107,165	95,715	86,505
18	Director of Legal Services	107,165	95,715	86,505
18	Director of HR	107,165	95,715	86,505
17	Deputy Director of Environmental Services	98,577	85,657	76,671
17	Assistant Director – Fieldwork North	98,577	85,657	76,671
17	Assistant Director – Fieldwork South	98,577	85,657	76,671
17	Assistant Director – Strategy and Commissioning	98,577	85,657	76,671
17	Assistant Director – Direct Care	98,577	85,657	76,671
17	Assistant Director – Planning and Environment	98,577	85,657	76,671
17	Assistant Director – Schools and Learning	98,577	85,657	76,671
17	Deputy Strategic Director – Children and Younger Adults	98,577	85,657	76,671
17	Assistant Director – Commissioning and Performance	98,577	85,657	76,671
17	Assistant Director – Universal and Targeted Services	98,577	85,657	76,671