

PAY POLICY 2019 – 2020

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BASILDON BOROUGH COUNCIL

PAY POLICY 2019 / 2020

Background

Basildon is the largest borough in Essex by population and has the fourth highest overall population in the Eastern region (including Unitary Authorities). It covers approximately 42.5 square miles. It is an area of contrast, ranked as the 3rd most deprived of the Essex boroughs according to the 2010 Index of Multiple Deprivation, and ranked 141 of 354 authorities nationally (where 1 is the most deprived), whilst also having one of the strongest economies in the region.

As the demands on public service become ever more complex there will be an increase in the requirement for talented employees with public sector experience, particularly in the London area, and staff at local authorities will be a key source.

It is also recognised that Senior Management roles in local government generally, and at Basildon specifically, are complex and diverse and operate in a highly politicised environment where national and local pressures may often conflict. Delegations of responsibilities from central to local government alongside reducing budgets are making the current period one of the most challenging for a generation.

Therefore it is important for this Council to be able to determine its own pay structures, whilst recognising the existence and role of the Single Status Agreement that is in place, in order to compete in both the local and wider labour markets. For Basildon this is particularly critical given its proximity to London where higher salaries, often for less complex roles, are offered.

Basildon Council's ability to continue to attract and retain high calibre employees capable of delivering its agenda and deeply ambitious programme, particularly during times of financial challenge and significant organisational change, is crucial if the Council is to retain its current high performance levels, deliver quality services for local people and continue to transform the Borough. This need for retention comes at a time when the financial arguments for individuals to move on are getting stronger.

Research has shown that individuals are attracted, retained, and engaged, by a range of both financial and non-financial rewards. Therefore a coherent link between reward and the overall approach to people management leads to the best possible outcome for retention of employees.

To support this, the Council has a competitive pay structure, a comprehensive range of benefits and allowances, along with career development schemes to develop and retain employees, and other pay and reward mechanisms in place, for example, government approved salary sacrifice schemes.

These will continue to be reviewed to ensure they remain competitive and continue to meet the needs of the Council and employee expectations.

The impact of IR 35 on Local Government from April 2017 has had implications for the Council as non-directly employed individuals seek to retain existing levels of remuneration.

Against all of this background and uncertainties the Chief Executive may be required to take urgent action, in year, to ensure the Council retains and attracts key skills, expertise and knowledge needed to achieve the Council's aims. Any action taken to secure these resources

will be within the existing resource envelope and reported back as part of the next Pay Policy statement.

Section 38(1) of the Localism Act 2011 and supplementary guidance issued in February 2013 requires Local Authorities to produce a Pay Policy Statement for each financial year which must be approved formally at Full Council by the 31 March each year and must be published on the Council's website. It may be amended during the course of the financial year by further reference to Full Council.

In addition, the full details of the remuneration of all Chief Officers are published in the Council's statement of accounts, and on the Council's website.

The Council's Policy statement will include, as required by the Localism Act:

- **Level and elements of remuneration for its Chief Officers.** The term 'Chief Officer' in this policy refers to the Chief Executive and Directors.
- **The remuneration of the Council's lowest paid employees,** including any additional payments / allowances that may be payable.
- **The relationship between the remuneration of the Council's Chief Officers and other Officers,** including the lowest paid employees within the Council, the definition of 'lowest paid employees' and the reason for adopting that definition.
- **Other specific aspects of Chief Officer's remuneration,** including remuneration on appointment, increases and additions to remuneration, use of Performance Related Pay & bonuses, and termination payments.

1.0 Pay Bands

For employees subject to the National Agreement on Pay and Conditions of service of the National Joint Council for Local Government Services (commonly known as the 'Green Book'), the Council uses the NJC Pay Bands that commence at Pay Band 1, (lowest paid employees) Pay Point 1 - £16,394 per annum and ends at Pay Band 12, Pay Point 55 - £56,989.

Lowest paid employees are defined as employees at the bottom end of the Council's pay structure, in relation to the nature of the role undertaken.

Senior Management Pay Bands, including the Chief Executive, Service Directors, Assistant Directors, Group Managers and all other Senior Managers, are paid at Senior Executive 1, lowest point £57,031 to CEX, highest point £181,103

Full details of all Pay Bands and Pay Points are attached to the policy and relate to full time employees. Part time employees are paid proportionate to the hours they work. In addition, a review of some grades is being undertaken by the Hay Group. Any amendments to the grading structure will be reflected in the Councils Pay Policy.

The values of the NJC Pay Points are subject to annual consideration at National Bargaining Level and may be increased by pay awards as notified by the National Joint Council for Local Government Services. The percentage rate of any national award for NJC Pay Points are also applied to Pay Bands SE1 to SE3.

Pay Bands SE4 to CEX are increased in line with recommendations made by the Joint National Council (JNC) for Chief Officers.

2.0 Job Evaluations

The relationship between job size/content and pay is determined using a Job Evaluation process to allocate jobs to the appropriate pay band.

Posts in Pay Bands 1 – 12 are evaluated using the National Joint Council (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. However, it is recognised that this scheme does not fit well with management and senior professional roles.

Posts SE1 to SE3 are evaluated using the Local Government Association (LGA) scheme.

Posts SE4 and above are evaluated using the Hay Job Evaluation Scheme.

It is the Council's intention to keep under review the number of Job Evaluation schemes used. Any changes may initiate a further pay and grading review for the relevant posts.

3.0 Pay Ratio

Basildon Council's current ratio is **6.0:1** meaning that the Chief Executive (top earner: full time equivalent) earns 6.0 times more than the Council's 'mean earner salary' of £28,524 per annum. The calculation of the mean earner naturally includes all salary levels including the lowest earners.

4.0 Pay Policy on Appointment

On appointment, individuals are placed on the lowest Pay Point within the allocated Pay Band for the job; unless there is justification to support the allocation of a higher Pay Point having regard to the skills, qualifications and experience.

In the case of the Chief Officer and Deputy Chief Officer, salary decisions on new (external) appointments are made by the Council's Policy and Resources Committee, who may delegate to the Urgent Decisions and Staffing Sub Committee except in the case of a new Chief Executive, whose appointment and salary will be considered by the Policy Oversight and Strategy Committee who will make a recommendation to Full Council.

5.0 Pay Progression and Links to Performance Management

All Pay Bands have a minimum and a maximum point and employees are eligible for consideration of progression through the Pay Band until the maximum pay point is reached. Progression is dependent upon achieving the required performance standards, determined through Individual Performance Management Meetings by the relevant line manager.

Performance Related Pay (PRP) is available to all employees on Band SE1 and above. The Chief Executive determines the application of PRP and may vary the scheme rules as determined by business needs. PRP up to a maximum of 10% of salary is available, dependent upon performance against a number of stretching objectives and behaviours, linked to the Corporate Plan. Objective assessment is made annually at the Individual's Performance Management Meeting.

In the case of the Chief Executive, EELGA (East of England local Government Association) provide independent advice for consideration by the Urgent Decision and Staffing Sub Committee.

6.0 Market Supplements

The Council adopted a Market Supplement Policy upon Single Status implementation on 1 December 2012. Any Market Supplements applied have been evaluated under this policy.

7.0 National Living Wage and Living Wage Foundation

The National Living Wage has been set to £8.21 from April 2019 in the autumn budget 2018 and the Council is fully compliant with our lowest hourly rate currently £8.67, increasing to £9.18 from 1 April 2019. The Living Wage Foundation suggest a 'real' living wage of £9.00 per hour from 2019 and again we are fully compliant with this suggested rate from April 2019.

8.0 Allowances and Other Elements of Remuneration

- **London Fringe Area Allowance:** All employees will receive a flat rate allowance of £597 per annum, set by the NJC (pro rata for part time employees).
- **Overtime:** Enhanced rates for evening (after 22:00 hours) and weekend work are applicable to staff who work beyond the contracted 36.25 hours per week and who are at Pay Band 7 or below. In all other cases, except for Chief Officers, staff who are not paid for overtime, can take time off in lieu for working additional hours.
- **Car loan:** All Employees have access to the car loan scheme.
- **Car Schemes / Allowances for Senior Managers:** - A monthly allowance of £330.25 for the Chief Executive / Directors, and £200 for other Senior Managers, will be paid with regard to the provision of a motor vehicle for the execution of their duties. This allowance includes payments for car loans, Tusker Salary Sacrifice and Essential Car User as appropriate.
- **Professional Fees:** the professional fees of staff (one professional body per employee) are paid by the Council where there is a corporate benefit.
- **Car Parking:** Employees are offered free parking, subject to availability, when attending their place of work.
- **Annual Leave:** Employees receive an annual leave allowance above the statutory minimum, as determined by the employees Pay Band and length of service. Employees can also chose to purchase additional annual leave (up to 5 days, conditions apply). Other leave options are also available to employees, e.g. Emergency & Compassionate leave, Public Duties leave, Volunteer Leave.
- **Merit Award:** A merit award can be made, retrospectively, to recognise exceptional performance 'above and beyond' the normal expectations of the role.
- **Salary Sacrifice Schemes:** All permanent employees may participate in the various government approved salary sacrifice schemes that are available such as the existing Childcare Vouchers scheme, Cycle to Work and Car Purchase Schemes.
- **Life Assurance and Private Medical Assurance:** Available at no cost, to managers on the SE4 pay band and above. Other employees may access these schemes at cost.
- **Other allowances:** These are available to eligible employees and paid in line with the Council's schedule of allowances. For a list of the types of allowances that can be claimed, see appendix 1.

The Council will meet or reimburse reasonable business expenses actually and necessarily incurred in line with the Council's travel and subsistence arrangements. The Council does not regard such costs as remuneration but as non-pay operational costs.

9.0 Pension and Termination Payments

Pension provision is an important part of the remuneration package. All employees are automatically enrolled in the Local Government Pension Scheme administered by the Essex Pension Fund subject to meeting eligibility requirements. Employees have the opportunity to opt

out of the scheme. It is a statutory scheme with contributions from both employees and from employers. The employee contribution levels vary according to the level of salary.

All staff within the pension scheme meeting the set criteria, are given the opportunity to apply for 'flexible retirement', which would enable them to continue to be employed by the authority, whilst also being in receipt of a Local Government pension. All such requests are considered in accordance with the adopted policy on this matter.

On ceasing to be employed by the Council, staff will only receive compensation:

- (i) In circumstances that are relevant (e.g. Redundancy)
- (ii) That is in accordance with our Policy Statement on how we exercise the various employer discretions provided by the Local Government Pension Scheme (LGPS)
- (iii) That complies with the specific terms of a Settlement Agreement
- (iv) That will comply with Government Exit Cap Payments and return to work criteria if introduced during the period of this Pay Policy

10.0 Elections

The Chief Executive also undertakes the role of Returning Officer in respect of local, national and other elections and referenda. As Returning Officer, they are paid a separate allowance for each election for which they are responsible. Remuneration for this role is either based on the fees determined by the relevant Statutory Order or in accordance with the scale of fees that has been approved by the Council.

Other Council, and non-Council employees, may also be appointed to conduct specific electoral duties and they will also be paid election-related fees for duties in support of the Returning Officer.

11.0 Review

This Pay Policy Statement will be reviewed annually with the next review being scheduled before 31 March 2020.