

**LONDON BOROUGH OF BARKING AND DAGENHAM**

**PAY POLICY STATEMENT 2020/21**

**1. Introduction – Requirement for Council Pay Policy Statement**

- 1.1 Section 38 (1) of the Localism Act 2011 requires English and Welsh local authorities to produce a pay policy statement to be agreed by Members before the beginning of each financial year. The Act does not apply to local authority schools. This document meets the requirements of the Act for the London Borough of Barking and Dagenham. This Pay Policy Statement presents the expected position at 1 April 2020.
- 1.2 The provisions of the “Act” require that councils are more open about their own local policies and how their local decisions are made. The Code of Recommended Practice for Local Authorities on Data Transparency enshrines the principles of transparency and asks councils to follow three principles when publishing data they hold: responding to public demand, releasing data in open formats available for re-use, and, releasing data in a timely way. This includes data on senior salaries and the structure of the workforce.

**2. Organisational Context**

- 2.1 The Council continues to recognise that if it is to serve its communities well and deliver the agreed vision and objectives, it needs to attract and retain talented people at all levels of the organisation.
- 2.2 The Council continues to ensure that its Leadership Team is structured in a manner that enables it to deliver the borough’s manifesto. This is reflected in this Pay Policy Statement which shows that the number of chief officer posts remains unchanged from the previous year.

**3. Pay and Reward Principles**

- 3.1 The approach to pay and reward continues to be based on the following principles:
- Pay levels are affordable for the Council, at a time when it is making some very difficult decisions about spending on services to the community;
  - The Council can demonstrate fairness and equity in what it pays people at different levels and in different parts of the Council; and
  - Pay is set at levels which enable the Council to recruit and retain the quality of staff needed to help achieve its objectives at a time of financial hardship.
- 3.2 Pay levels are determined through “job evaluation”. For staff at PO6 and below, the Council generally uses the Greater London Provincial Council job evaluation system. For posts at PO7 and above, the HAY job evaluation system is used. Each system assesses the relative “size” of the role against a range of criteria,

relating to its complexity, the number of resources managed, and the knowledge required to undertake the role.

- 3.3 Pay rates are generally set against the national pay spine agreed by the National Joint Council, although there are local pay points at the top of the LBBB pay scale. The Council has committed to pay no less than the “London Living Wage” to its own staff or agency workers working with the Council. The “London Living Wage” hourly rate increase to £10.75 from £10.55 was announced on 11<sup>th</sup> November 2019<sup>1</sup>. The Council continues to ensure that it pays its employees and apprentices at or above the London Living Wage.

#### **4. Defining “Chief Officers”**

- 4.1 At the start of the 2020/21 financial year, the Council expects to have within its structure the following Chief Officer posts:

- Chief Executive (and Head of Paid Service)
- Chief Operating Officer & Deputy Chief Executive (and Section 151 Officer)
- Director, Law and Governance (and Monitoring Officer)
- Interim Director, Policy and Participation
- Director, Inclusive Growth
- Director, People and Resilience
- Transformation Director
- Finance Director
- Director of Public Health
- Commercial Director
- Commissioning Director, Children’s Care and Support
- Commissioning Director, Adults’ Care and Support
- Commissioning Director, Education
- Operational Director, Community Solutions
- Operational Director, My Place
- Operational Director, Enforcement
- Operational Director, Adults’ Care and Support
- Operational Director, Children’s Care and Support

#### **5. Accountability for Chief Officers Pay**

- 5.1 The pay arrangements for chief officers are overseen by the JNC appointments, salaries and structures panel, appointed by the Council’s Assembly.

#### **6. Current Pay Policy and Base Pay Rates**

##### **6.1 Setting Salary Levels**

- 6.1.1 Chief Officer roles are evaluated using the HAY job evaluation system. There is a commitment to review salary levels about every three years, this has not been undertaken since the changes to the senior management structure was put in place in 2017. In undertaking reviews, account is taken of the market, particularly

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<sup>1</sup> <https://www.livingwage.org.uk/>

the market in London, to ensure the Council can compete successfully for the talent it needs to lead and manage in the current challenging environment.

- 6.1.2 The salary benchmarking information comes from the London Councils' Chief Officers Salary Survey. The latest information held is from 2018. There were 30 responses to this survey among London Boroughs. The median rates of pay for roles in London, based on the information from the survey, were as follows:

	Median
Head of Paid Service / Chief Executive	£186, 850
Tier 1 Managers	£139,434
Tier 2 Managers	£102,907

(Note: This benchmark data is based upon basic pay plus additional payments such as performance related pay or bonus payments.)

- 6.1.3 The Council is contractually obliged to apply nationally agreed pay awards for Chief Officer grades.

## 6.2 Chief Executive

- 6.2.1 The salary for the Chief Executive, agreed at appointment in November 2014, was £165,000. This has increased each year only in line with nationally negotiated pay awards.

## 6.3 Chief Officer Pay Range

- 6.3.1 The Chief Officer pay structure was last reviewed in 2013. The pay levels have increased in line with nationally negotiated pay awards in April each year. There are no formal proposals to review this pay range in 2020/21. The pay range from April 2020 is as follows:

CO1	£85,241
CO2	£97,173
CO3	£107,402
CO4	£115,325
CO5	£127,359
CO6	£139,837
CO7	£152,367

- 6.3.2 It is appropriate for there to be some differentiation in pay levels at Chief Officer level because of the differing risk and responsibility being carried at that level.
- 6.3.3 The table below sets out the salaries of the chief officer posts referred to in paragraph 4.1 above:

<b>Position</b>	<b>Grade of Post</b>	<b>Salary cost to LBBD</b>
Chief Executive (and Head of Paid Service)	Individual spot salary	£175,117
Chief Operating Officer	CO7	£152,367
Director of Public Health	Individual spot salary	£97,173
All other Directors & Operational and Commissioning Directors	CO2 – CO6	£97,173 - £139,837

## **7. Contingent Pay**

- 7.1 The Council pays its Chief Officers a spot salary. There is no element of performance pay nor are any bonuses paid. No overtime is paid to Chief Officers. There are no lease car arrangements. A market supplement of £11,602 is paid to the Operational Director – Children’s Care and Support. This payment was agreed as part of the recruitment exercise in 2018 but is currently subject to review based on recent benchmarking information.

## **8. Pensions**

- 8.1 All Council employees are eligible to join the Local Government Pension Scheme. The Council does not enhance pensionable service for its employees either at the recruitment stage or on leaving the service, except in certain cases of retirement on grounds of permanent ill-health where the strict guidelines specified within the pension regulations are followed.

## **9. Other Terms and Conditions**

- 9.1 Employment conditions and any subsequent amendments are incorporated into employees’ contracts of employment. Chief Officer contracts state:

“Your terms and conditions of employment are as set out in the Joint Negotiating Committee for Chief Officers of Local Authorities handbook, as adopted by the Authority, unless otherwise indicated in this statement.

- 9.2 From time to time, variations in terms and conditions of employment will be negotiated and agreed at national or local level with the union or unions recognised by the Authority as representing your employment group. Where these are adopted by the Authority, they will, within a period of 28 days from the date of the change, be separately notified to you or otherwise incorporated in the documents to which you have reference.”

- 9.3 The Council’s employment policies and procedures and terms and conditions are reviewed on a regular basis in the light of service delivery needs and any changes in legislation.

## **10. Election Expenses**

- 10.1 The fees paid to Council employees for undertaking election duties vary according to the type of election they participate in and the nature of the duties and responsibilities they undertake. All election fees paid are additional to Council salary and are subject to normal deductions of tax.
- 10.2 Returning Officer duties (and those of the Deputy Returning Officer) are contractual requirements but fees paid to them for national elections / referendums are paid in accordance with the appropriate Statutory Fees and Charges Order.

## **11. Termination / Severance Payments**

- 11.1 Employees who leave the Council, including the Chief Executive and Chief Officers, are not entitled to receive any payments from the Council, except in the case of redundancy or retirement as indicated below.

## **12. Retirement**

- 12.1 Employees who contribute to the Local Government Pension Scheme who elect to retire at age 60 or over or who are retired on redundancy or efficiency grounds over age 55 are entitled to receive immediate payment of their pension benefits in accordance with the Scheme. Early retirement, with immediate payment of pension benefits, is also possible under the Pension Scheme with the permission of the Council in specified circumstances from age 55 onwards and on grounds of permanent ill-health at any age.
- 12.2 The Council will consider applications for flexible retirement from employees aged 55 or over on their individual merits and in the light of service delivery needs.

## **13. Redundancy**

- 13.1 Employees who are made redundant are entitled to receive statutory redundancy pay as set out in legislation calculated on their actual salary. The standard London Borough of Barking and Dagenham redundancy scheme applies to all officers. The scheme has redundancy multipliers which provide for a maximum of 30 week's pay for staff whose continuous service date is after 1 January 2007 and a maximum of 45 week's pay for staff with a continuous service date of prior to 1 January 2007. Both multipliers are based upon length of service.

## **14. Settlement Agreements**

- 14.1 Where an employee leaves the Council's service in circumstances which are, or would be likely to, give rise to an action seeking redress through the Courts from the Council about the nature of the employee's departure from the Council's employment, or where an existing employee has an employment dispute with the Council which may give rise to the litigation, the Council may settle such claims by way of a settlement agreement where it is in the Council's interests to do so. The amount to be paid in any such instance may include an amount of compensation, which is appropriate in all the circumstances of the individual case. Legal advice will be sought in all cases.

## **15. Fairness and Equality**

### **Pay Ratios**

- 15.1 It was agreed as of 1 January 2013 that no permanent employee should be paid less than the London Living Wage. This supports the Council's ambition to raise average local household incomes and reflects its commitment to pay fairness. The Council has also agreed that this should apply to all agency staff working on Council assignments. This minimum rate increased to £10.75 per hour (equivalent to an annual salary of £19,617) with effect from November 2019.
- 15.2 Based on this figure, the Council's pay multiple - the ratio between the highest paid employee (the Chief Executive) and lowest paid employee - is 1- 8:5. This means that the chief executive is paid, 8.5 times the lowest salary. This ratio is marginally lower than the previous year.
- 15.3 The ratio between the Chief Executive's salary level and the median salary figure for all employees in the Council is currently 1 - 5.70. The median annual salary for all employees at 1 April 2019 was £30,708 per annum, with the average salary being £34,451. This ratio is marginally lower than the previous year. Both median and average salaries referenced are full time equivalent and are adjusted according to individual contractual arrangements.
- 15.4 Across London the average ratio between the highest and median salaries is 1 to 7, based on a Chief Executive's average of £181,500 (taken from London Councils' 2017 Senior Staff Pay Data).

## **16. Any Additional Reward Arrangements**

- 16.1 No additional reward arrangements are in place.