

Redcar and Cleveland Borough Council

Pay Policy Statement

(Section 38, Localism Act 2011)

1 Introduction

1.0 This document sets out the Council's pay policy in relation to the remuneration of its staff in accordance with section 38 of the Localism Act 2011. The policy is subject to annual review and must be approved by the Council for each financial year. The policy will be published on the Council's website as soon as reasonably practicable after approval or amendment. This document relates to the financial year 2023/24.

1.1 The arrangements set out within this document do not extend to those members of staff who are employed within schools.

2.0 Definitions

The following definitions will apply throughout this policy statement:

2.1 **'Lowest-paid employees':** Those staff who are employed in jobs which are paid at the Redcar and Cleveland Living Wage rate of £10.90 per hour but increasing to £12.00 per hour with effect from 1 April 2024 (see 5.3 below), this being the lowest effective salary paid to employees other than apprentices. The salaries attributable to apprentices depend on age and are those set out within the National Minimum Wage legislation, subject to the Council's policy of paying apprentices at a minimum rate of £6.98 (plus NJC pay award when agreed) per hour with effect from April 2024. Given the specific nature of these appointments, it is felt inappropriate to include apprentices within the definition of lowest paid employees for the purposes of this policy statement.

'Chief Officer': Head of Paid Service designated under section 4(1) of the Local Government and Housing Act 1989;
Monitoring officer designated under section 5(1) of that Act;
Any statutory chief officer mentioned in section 2(6) of that Act;
Non-statutory chief officer mentioned in section 2(7) of that Act;
Any deputy chief officer mentioned in section 2(8) of that Act.

3 Chief Officers

3.1 Levels and Elements of remuneration for Chief Officers

The following principles will apply:

The salaries set out within this Pay Policy Statement will be determined as at 31 December of the relevant year and calculated using the 12 months up to that date ("the calculation date").

Chief Officer posts and the attributable salaries (which are payable from appointment and without incremental progression) are, at the time of this policy being approved, as follows:

Role	Salary
Managing Director	£ 147,715
Executive Director (Director 1)	£ 135,718
Director (Director 3)	£ 116,717
Assistant Director (Band A)	£ 100,148*
Assistant Director (Band B)	£ 90,402
Head of Service Level 2 (Band C)	£ 81,561

[*Not currently used]

Salaries for the Managing Director, Chief Officers and Heads of Service have increased from April 2023 due to national pay award of 3.50%.

- 3.3 The salaries attributable to Chief Officer posts are subject to job evaluation and based on:
- clear salary differentials which reflect the level of responsibility attached to any particular role: and
 - rates which are reasonably sufficient to recruit and retain senior officers taking into account market conditions.
- 3.4 Increases in pay for Chief Officers will occur only as a result of:
- pay awards agreed by way of national/local collective pay bargaining arrangements; or
 - significant changes to a Chief Officer's role which result in a higher salary being appropriate as confirmed by the outcome of an appropriate job-evaluation process; or
 - recruitment and/or retention payments which, in all the given circumstances at the relevant time, are deemed necessary in the best interests of the Council and which are determined under a relevant policy relating to such payments; and/or
 - in the case of the Managing Director (Head of Paid Service), as the result of an annual salary review.
 - existing contractual entitlements
- 3.5 The use of bonuses does not form part of current remuneration arrangements.
- 3.6 Senior positions, like all posts, are subject to job evaluation and must be remunerated in accordance with the outcome of that process in order to avoid potential equal pay claims. However, the number of senior posts attracting salaries of £100,000 or higher will not be increased without the prior approval of full Council.
- 3.7 Election Duties undertaken by Chief Officers
- Fees for election duties undertaken by Chief Officers are not included in their salaries. These are determined separately in consultation with the other Tees Valley Councils. For contested elections the fees are based on an agreed sum for the first 1000 electors and a further sum for each additional 1000 electors or fraction thereof, and a set agreed sum for uncontested elections.
- 3.8 Payments to Chief Officers upon termination of their employment
- Chief Officers who cease to hold office or be employed by the Council will receive payments calculated using the same principles as any other member of staff, based on entitlement within their contract of employment, their general terms and conditions, and existing policies.
- 3.9 In the case of termination of employment by way of early retirement, redundancy (voluntary or otherwise) or on the grounds of efficiency of the service, the Council's Early Retirement and Redundancy Policy sets out provisions which apply to all staff.

3.10 The Council's Early Retirement and Redundancy Policy also sets out the applicable provisions in respect of awarding additional pension entitlement by way of augmentation or otherwise.

3.11 Chief Officers' Tax and National Insurance

The Council does not enter into arrangements with individual employees to minimise their tax and national insurance contributions. New legislation was introduced as of 1 April 2017, in order to ensure that public bodies pay the appropriate levels of tax and national insurance for any individuals with whom they contract and are operating through personal service companies.

4.0 **Publication of and access to information relating to remuneration of Chief Officers**

4.1 Information will be published on the Council's website in line with The Local Government Transparency Code 2015.

5.0 **Remuneration of lowest paid employees**

5.1 The Council introduced 'single status arrangements' in 2004. The lowest paid employees within the Council are appointed to posts which have been evaluated using a job evaluation scheme agreed within those arrangements and are remunerated accordingly.

5.2 In order to provide some assistance to the lowest paid employees, the Council previously ceased to use the lowest two spinal column points on its salary scale.

5.3 With effect from 1 October 2013, the Council introduced the "Redcar and Cleveland Living Wage". This is subject to an annual review and in recent years has been linked to the Living Wage Foundation's calculation of a living wage. The latest living wage announced by the Living Wage Foundation is £12.00 per hour.

5.4 Any employees on other terms and conditions or who are employed on grades which attract a salary less than the rate of £12.00 per hour (after application of the pay award for 2024/25) will continue to be paid a non-contractual supplement to bring their pay up to this level. If the pay award is not known until after 1 April, then payment of a supplement to match the Living Wage rate of £12.00 per hour may need to be applied retrospectively for some staff once the pay award has been agreed.

6.0 **Relationship between Chief Officer and non-Chief Officer remuneration**

6.1 The 'pay multiple' for the Council is determined by comparing the hourly pay for the highest paid employee against that of the median hourly pay for the organisation as a whole.

6.2 The Council's current pay multiple is 4.96 based on median hourly pay. The pay multiple for last year was 5.05.

6.3 The Council will generally aim to ensure that the pay multiple does not exceed 10.

7.0 **General principles regarding remuneration of staff**

7.1 The salaries attributable to posts are determined via a job evaluation. Staff are remunerated according to the evaluated score of the post they hold and by reference to the salary scale existing at any given time. Some posts may include an entitlement to incremental progression.

7.2 New appointments are subject to the Council's Recruitment and Selection Policy and will generally be made at the bottom spinal column point of all pay bands unless there are special circumstances and payment at a higher level can be objectively justified. However, in the event of any member of staff securing a higher-graded post via internal promotion/recruitment and there

being an overlap of spinal column points between their current post and bottom point of the newly secured position, then the Council will generally pay salary on the second spinal column point. Where staff are redeployed because of redundancy or ill health, they will generally be appointed to the highest spinal column point within the lower grade so as to minimise financial loss.

8.0 Severance Packages

- 8.1 The Council's general approach to severance payments is contained within the Early Retirement and Redundancy Policy. This sets out the methodology for calculating redundancy payments and the basis for granting pension enhancements.
- 8.2 Where a severance package is to be paid which, taken as a whole, has a cost to the authority of £100,000 or more then, subject to section 8.3 below, the Council will be given an opportunity to vote before the package is approved.
- 8.3 This requirement shall not apply where the cost of a severance package does not involve the exercise of any discretion, relates entirely to existing statutory and/or contractual entitlements of the relevant employee or where non-compliance with those entitlements would place the Council in breach of legislation and/or contract.
- 8.4 Statutory guidance was issued regarding the approval of Special Severance Payments. In line with that guidance, the Council's arrangements for dealing with such payments are attached at Annex 1 to this statement.

9.0 The Council's approach to former employees

- 9.1 In the absence of any exceptional circumstances which render it necessary in the best interests of the Council to do so, the Council will generally not re-engage any individual who has previously been employed by the Council and left that employment with the benefit of a severance, early retirement or redundancy payment under voluntary arrangements. This principle will apply whether such re-engagement is to be under a contract of employment, contract of services or otherwise.
- 9.2 Save for the above, the Council will consider all applicants on merit during the recruitment process and will not discount any applicant on the basis of previous public sector employment and/or the terms of that employment ending.

10.0 Publication of Gender Pay Gap Information

- 10.1 Under the terms of legislation introduced in 2017, the Council is required to report gender pay gap information for March 2022 by 31 March 2023.

Calculating this information is complex but is based, in simple terms, on mean and median earnings of both genders in any financial year. Calculations are also undertaken to compare this position at each quartile and the current position is as follows:

Gender pay gap

The women's median hourly rate is 9.7% higher than the men's.

The women's mean hourly rate is 2.2% higher than the men's.

Pay quartiles

Quartile	Female	Male
Top	70.6%	29.4%
Upper middle	67.7%	32.3%

Lower middle	57.8%	42.2%
Bottom	63.4%	36.6%

10.2 It should be noted that gender pay gap reporting is different to issues about equal pay. The gender pay gap shows the **difference in the average pay between all men and women in a workforce**. Equal pay deals with the pay **differences between men and women who carry out the same jobs, similar jobs, or work of equal value**. It is unlawful to pay people unequally because they are a man or a woman and, accordingly, the Council has a robust job evaluation in scheme place which ensures that staff are paid equally for roles of the same level, regardless of their gender or any other protected characteristic.

Annex 1 – Arrangements for Approval of Special Severance Payments

1. INTRODUCTION

Statutory guidance on the making and disclosure of “Special Severance Payments” by local authorities in England was published in 2022.

In the context of the statutory guidance, Special Severance Payments are payments made to employees, officeholders, workers, contractors, and others outside of statutory or contractual requirements when leaving employment in public service, including payments reached under settlement agreements.

Such payments should only be made where there is a convincing case that they are in the interests of taxpayers. The Council must therefore be satisfied this is the case before making them in order to ensure compliance with the Council’s best value duty.

This policy sets out the internal process to follow when the Council intends to make a Special Severance Payment.

2. STATUTORY GUIDANCE

The statutory guidance, which must be followed, sets out which types of payments come within scope but, in short, they are those which are made over and above statutory and contractual requirements, and include any payments reached under settlement agreements.

Redundancy payments, payments for untaken annual leave, certain pension strain costs, and various other types of payment, on the other hand, do not constitute Special Severance Payments.

However, where the payment is made up of separate elements, as a settlement agreement payment will often be, the whole payment will fall in scope of the statutory guidance, including those elements which would not alone constitute Special Severance Payments. For example, if the individual receives a total payment of £25,000 made up of a £15,000 Special Severance Payment and a £10,000 redundancy payment, the total of £25,000 will be counted.

The statutory guidance, which should be consulted if in any doubt about what does and does not constitute a Special Severance Payment, can be found here:

[Statutory guidance on the making and disclosure of Special Severance Payments by local authorities in England - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/guidance/statutory-guidance-on-the-making-and-disclosure-of-special-severance-payments-by-local-authorities-in-england)

The statutory guidance states that:

- payments below £20,000 must be approved according to the Council’s scheme of delegation;

- payments of £20,000 or above but below £100,000 must be personally approved and signed off by the Paid Head of Service (i.e. the Council’s Managing Director), with a clear record of the Leader’s approval; and

- payments of £100,000 or above must be approved by a vote of full council, as set out in the Localism Act 2011.

Other arrangements must be made when the proposed payment is to the Managing Director, as set out in the statutory guidance.

3. PROCESS

All Special Severance Payments falling in either of these categories will be subject to the approval of the Early Retirement / Voluntary Redundancy Panel. The Panel consists of three officers made up of the Managing Director and Officers on JNC Terms and Conditions of Service, usually the Monitoring Officer and Section 151 Officer.

The Panel will only approve a proposed Special Severance Payment if satisfied it is appropriate in line with the guidance.

If the Special Severance Payment is for £20,000 or above but less than £100,000 it must be approved by the Panel and individually by Managing Director and the Leader of the Council, and the decision record must be signed by them accordingly.

If the Special Severance Payment is for £100,000 or above, arrangements must be made for a vote of full council to be taken before approval can be given.