

**Tees Valley Combined Authority  
Pay Policy Statement  
(Section 38, Localism Act 2011)**

This pay policy statement applies to the financial year 2018/19.

**Introduction**

1. This document sets out the Combined Authority's Pay Policy in relation to the remuneration of its employees in accordance with section 38 of the Localism Act 2011. The policy is subject to annual review which must be approved by the Cabinet before 31st March each year. Any amendments during the course of the year must also be considered and approved by the Cabinet. The policy will be published on the Combined Authority's website as soon as reasonably practicable after approval or amendment.
2. The Combined Authority is committed to ensuring fairness, transparency and equality of pay in the remuneration of its employees. The Combined Authority has adopted the Human Resources Framework and Policies of Stockton-on-Tees Borough Council, which includes the pay and grading structure.

**Chief Officers and Senior Management Team**

3. The Combined Authority's Senior Management Team, including posts defined as Chief Officers under the Localism Act, consists of the following posts:

<b>Job Title</b>	<b>Grade</b>	<b>Salary</b>
Managing Director	Managing Director	£136,350
Business Director	Assistant Director 1	£88,375
Finance Director	Assistant Director 1	£88,375
Investment Director	Assistant Director 1	£88,375
Strategy Director	Assistant Director 1	£88,375
Head of Communication and Marketing	SM 1	£74,740
Head of Culture and Tourism	SM 1	£74,740
Head of Education, Employment and Skills	SM 1	£74,740
Head of Homes and Communities	SM 1	£74,740
Head of Transport	SM 1	£74,740

4. Joint National Conditions of service (JNC) are incorporated into all Chief Officers' contracts of employment.
5. Positions within the Combined Authority, including senior posts, are set in line with posts of similar levels of responsibility within Stockton-on-Tees Borough Council. The salaries for Chief Officers have been determined through independent analysis and benchmarking and reflect rates which are reasonably sufficient to recruit and

retain senior officers, taking into account market conditions. The grades 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.

6. Chief Officers do not receive bonus payments or performance related pay nor do they receive any benefits in kind paid for by the employer. Where a Chief Officer meets the criteria for entitlement to expenses these are paid in accordance with the Combined Authority's policies, aligned with those of Stockton-on-Tees Borough Council. 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;
  - 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 Combined Authority and which are determined under the relevant policy relating to such payments.
7. It is expected that Chief Officers will perform to the highest level. Performance related pay therefore does not form part of current remuneration arrangements. This position will be reviewed if legislation and/or guidance relating to Chief Officer posts changes.
8. Under the Combined Authority's constitution, appointment to the Managing Director and Director roles are a matter for Cabinet. All other posts are appointed under delegation to the Managing Director.

#### **Payments to Chief Officers upon termination of their employment**

9. Chief Officers who cease to hold office or be employed by the Combined Authority 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. The Combined Authority adopts the policies of Stockton-on-Tees Borough Council, for application in these circumstances.
10. 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 Pensions and Retirement Policy sets out provisions which apply to all staff regardless of their level of seniority. The Pensions and Retirement Policy also sets out the applicable provisions in respect of awarding additional pension entitlement by way of augmentation or otherwise.
11. Where a severance package is to be paid, where taken as a whole, has a cost to the authority of £100,000 or more (subject to paragraph 19 below), the Cabinet will be given an opportunity to vote before the package is approved. Employees who would be contractually entitled to payments in excess of £100,000 where there is no discretion and a failure to comply would place the Combined Authority in breach of

contract and leave it exposed to litigation would be exempt from the requirement of such a vote.

12. The Government is proposing to introduce a cap on Public Sector Exit Payments. The Combined Authority will amend its policy and payments made on termination to reflect any changes in legislation.

### **Employment of Individuals Already in Receipt of a Local Government Pension**

13. The approach to the employment of individuals already in receipt of a local government pension is set by the Teesside Pension Fund. The Fund has resolved not to abate pensions on re-employment, having regard to the enactment of regulations introducing flexible retirement, unless an enhanced ill-health retirement has been awarded.

### **Employment of Ex-Employees as Chief Officers under a Contract for Services**

14. The Combined Authority does not generally support the employment of ex-employees as Chief Officers under a contract for services. However there may be circumstances where the employment of an ex-employee under these terms is the most effective and efficient way of meeting the Combined Authority's needs. If this situation applies formal approval will be sought from the Managing Director in his role as head of the paid service, in consultation with Cabinet members. In addition the Government has introduced legislation to enable the recovery of exit payments for higher paid employees returning to the public sector.

### **Remuneration of Lowest Paid Employees**

15. Stockton Borough Council introduced its Single Status Agreement on 1st April 2008, and this framework has been adopted by the Combined Authority. The lowest paid employees within the Combined Authority are appointed to jobs which have been evaluated using the NJC Job Evaluation Scheme and are remunerated accordingly.
16. The Combined Authority has proposed to adopt the recommendations of the Living Wage Foundation, in respect of directly employed staff. If adopted by Cabinet as part of the proposed Budget, the Combined Authority's pay and grading structure will be applied in such a way as to ensure that no employee receives a minimum hourly pay of less than £8.75.
17. From 1<sup>st</sup> April 2016, in line with the policies of Stockton-on-Tees Borough Council, the Combined Authority agreed to pay its apprentices the National Minimum Wage relating to age (starting at £4.00 per hour for 16 to 18 year olds, compared to the national apprentice rate of £3.40 per hour). Given the specific nature of these appointments, apprentices have not been included within the definition of lowest paid employees for the purposes of this policy statement.

### **Relationship between Chief Officer and Non-Chief Officer Remuneration**

18. The 'pay multiple' for the Combined Authority is determined by comparing the pay of the highest paid employee (Managing Director) against the median average pay, using hourly rates as at 31st December 2017, for employees within the scope of this statement.
19. The Combined Authority's current Median Hourly rate is £17.95 and the pay multiple is 3.95.

### **General Principles Regarding the Remuneration of Staff**

20. The Combined Authority has established pay and grading structures, founded on evaluation of job roles using job evaluation, which ensures a fair and transparent approach to pay and the same grading of jobs which are rated as equivalent. The Single Status Agreement was subject to an equality impact assessment by Stockton-on-Tees Borough Council, as well as being approved by the respective trade unions' equal pay units.
21. All employees are recruited in accordance with the Combined Authority's Recruitment Policy and are appointed on the minimum of the grade unless there are exceptional circumstances which would warrant appointment above the minimum of the grade. However, where an employee is redeployed because of redundancy or ill health into a lower graded job they will generally be appointed to the highest spinal column point of the lower grade, where appropriate, with salary protection to minimise the financial loss.
22. Where an employee has secured promotion into a higher-graded job and there is an overlap of spinal column points between their current and new job, and the employee is already on the maximum of their current grade they will generally commence on the second spinal column point of the new grade.

### **Publication of and access to Information Relating to Remuneration of Chief Officers**

23. The Combined Authority will publish their Pay Policy Statement, following approval of the Cabinet, on the Combined Authority's website. In addition, remuneration related data associated with the Pay Policy Statement and Code of Recommended Practice for Local Authorities on Data Transparency will be published on the Council's website no later than 31st March and information related to the public sector equality duty no later than 30th June.