

PAY POLICY STATEMENT 2016/17

1. Introduction and Purpose

Under section 112 of the Local Government Act 1972, the Council has the “power to appoint officers on such reasonable terms and conditions as the authority thinks fit”. This Pay Policy Statement (the ‘statement’) sets out the Council’s approach to pay policy in accordance with the requirements of Section 38 of the Localism Act 2011.

The purpose of the statement is to provide transparency with regard to the Council’s approach to setting the pay of its employees by identifying;

- the methods by which salaries of all employees are determined;
- the details of the remuneration of its most senior staff i.e. ‘chief officers’, as defined by the relevant legislation;
- the relationship between the remuneration of its Chief Officers and other employees

This pay policy statement is effective from 1 April 2016 and will be subject to review on an annual basis, or earlier if required, the policy for the next financial year being approved by 31st March each year.

2. Other legislation relevant to pay and remuneration

In determining the pay and remuneration of all of its employees, the Council will comply with all relevant employment legislation. This includes legislation such as the Equality Act 2010, Part Time Employment (Prevention of Less Favourable Treatment) Regulations 2000 and where relevant, the Transfer of Undertakings (Protection of Earnings) Regulations. The Council ensures there is no pay discrimination within its pay structures and that all pay differentials can be objectively justified through the use of job evaluation mechanisms, which directly establish the relative levels of posts in grades according to the requirements, demands and responsibilities of the role.

3. Pay Structure

The Council uses the nationally negotiated pay spine(s) (i.e. a defined list of salary points) as the basis for its local pay structure, which determines the salaries of the large majority of its workforce together with the use of locally determined rates where these do not apply.

The Council’s payscales range from Scale 1 to WL1. Scale 1 to PO4 are in line with the National Pay Spine and senior managers on Grade SM1 to WL1 are on a - locally determined pay spine. Full details are attached at Appendix A. Variable additional payments may also be made as appropriate in line with the terms and conditions of employment, which completes the total remuneration package.

With effect from 1 December 2015, the Council paid an additional supplement to those Council employees not currently receiving ‘a voluntary living wage’ (i.e.

Currently an hourly rate of less than £8.25). This provides a supplementary payment to all staff on spinal column points 6 to 11 in addition to their normal salary payment, which has been taken into account within this document.

The Council adheres to the national pay bargaining arrangements in respect of the establishment and revision of the national pay spine, for example through any agreed annual pay increases negotiated with joint trade unions. All other pay related allowances are the subject of either nationally or locally negotiated rates, having been determined from time to time in accordance with collective bargaining machinery.

In determining its grading structure and setting remuneration levels for any posts which fall outside the scope of the national pay spine, the Council takes account of the need to ensure value for money in respect of the use of public expenditure, balanced against the need to recruit and retain employees who are able to meet the requirements of providing high quality services to the community, delivered effectively and efficiently and at times at which those services are required.

New appointments will normally be made at the minimum of the relevant pay scale for the grade, although this can be varied where necessary to secure the best candidate. Where the appointment salary is above the minimum point of the pay scale and is not affected by other council policies, for example promotion, redeployment or flexible retirement, this is approved in accordance with the Scheme of Delegation (paragraph 5.13), contained in the Council's constitution, available on the Council's website.

From time to time it may be necessary to take account of the external pay levels in the labour market in order to attract and retain employees with particular experience, skills and capacity. Where necessary, the Council will ensure the requirement for such is objectively justified by reference to clear and transparent evidence of relevant market comparators, using data sources available from within the local government sector and outside, as appropriate.

Any temporary supplement to the salary scale for the grade for this purpose is approved in accordance with the locally agreed Market Premia and Retention Payments detailed in the local conditions of service. A decision in relation to any payment of this nature is delegated to the Acting Chief Executive except for officers on Chief Officer terms and conditions which must be determined by the Council.

4. Definitions

The Localism Act refers to the position of Chief Officer, which is defined as:

- Head of Paid Service designated under Section 4(1) of the Local Government & Housing Act (LGHA) 1989
- Monitoring Officer designated under section 5(1) of the LGHA 1989
- Statutory Chief Officer mentioned in section 2(6) of the LGHA 1989
- Non statutory Chief Officers mentioned in section 2(7) of the LGHA 1989
- A Deputy Chief Officer mentioned in Section 2(8) of the LGHA 1989

Within the Council structure this includes the following posts:

Acting Chief Executive, Interim Borough Treasurer, Interim Director Housing and Regeneration, Interim Director Community Services, Interim Director Street Scene, Interim Director Planning, Interim Borough Transformation Manager, Interim Borough Solicitor.

There are a further series of posts which fall within the definition of Chief Officer by virtue of being “Deputy Chief Officers” i.e. via reporting lines, which have not been specifically listed here but salaries range from PO1 to WL4 (see Appendix A).

“Lowest Paid Employees” – see Para 14.

5. Terms and Conditions of Employment

Officers on JNC ‘Chief Officers’ terms and conditions of employment are the Acting Chief Executive , Interim Director Housing & Regeneration, Interim Director Community Services, Interim Director Street Scene and Interim Director Planning. All other posts within the Council are employed in accordance with National Joint Council (NJC) for Local Government Services.

Both groups of officers are subject to any local variations adopted by the Council and detailed in its policy and procedures.

Where the Council is unable to recruit chief officers, or there is a need for interim support to provide cover for a substantive chief officer post, the Council will, where necessary, consider engaging individuals under a ‘contract for service’. These will be sourced through a relevant procurement process ensuring the Council is able to demonstrate the maximum value for money benefits from competition in securing the relevant service. In assessing such it should be noted that in respect of such engagements the Council is not required to make either pension or national insurance contributions for such individuals.

The Council does not currently have any chief officers engaged under such arrangements.

6. Recruitment

The Council’s policy and procedures with regard to the recruitment of Chief Officers on JNC Terms and Conditions is set out within the Officer Employment Procedure Rules as set out in Part 3 Para 13 of the Council’s Constitution.

When recruiting to all posts the Council will take full and proper account of all provisions of relevant employment law and its own Equality in Employment, Recruitment and Selection and Redundancy and Redeployment Policies as approved by Council.

The relevant policies are:

Recruitment

Recruitment Advertising protocols
Recruitment and Selection (see Chief Officer Appointment details by Committee referred to in paragraph 16 below)
Secondment Policy
Staff Recruitment Incentive Scheme - guidance

Redundancy and redeployment

Redeployment and Redundancy Policy

The determination of the remuneration to be offered to any newly appointed Chief Officer will be in accordance with the pay structure and relevant policies in place at the time of recruitment.

Other relevant HR Policies and Procedures

This Pay Policy Statement should be read in conjunction with the following policies on paid terms and conditions as appropriate:

Conditions of service

Joint Negotiating Committee (JNC) for Chief Officers of Local Authorities.
National Joint Council (NJC) for Local Government Services
Harmonisation and single status: local conditions of service document

Family-friendly documents

Childcare Vouchers - parent information
Paternal and Maternity Policy

Retirement

Ill-health Retirement Policy
Flexible Retirement Policy

Training and Development

Training & Development Strategy
Staff Development Appraisal Scheme
Post-Entry Training Policy

All the above Policies are available on the Council's intranet or from the Human Resources Team.

7. Additions to Salary of Chief Officers

The Council does not apply any bonuses or performance related pay to its Chief Officers. Any changes in duties would be covered in the Harmonisation Document.

8. Acting Chief Executive - Remuneration

At its meeting on 16 October 2015, the Council agreed the voluntary redundancy of the Managing Director (People and Places), and agreed an interim management structure, resulting in savings of £103,000. The post of Acting Chief Executive was filled with effect from 1 February 2016 pending a decision on a permanent senior management structure.. The current postholder fulfills the duties and responsibilities of the post of Acting Chief Executive and is designated the Head of the Paid Service and also Returning Officer.

The post is paid at WL1 on the attached Appendix A and carries a car allowance of £4967 per annum. This is a spot salary and carries no additional annual increments.

Returning Officer fees are based upon a fee calculated periodically by the Cabinet Office, with the fee being based on a sum of money multiplied per every 10,000 of electorate. The Council pays the fees for the local election and the fees for other elections, such as Parliamentary and County Council, are paid for externally.

9. Interim Directors - Remuneration

There are four posts of Interim Director reporting to the Acting Chief Executive:-

Interim Director Community Services – WL2
Interim Director Housing & Regeneration – WL2
Interim Director Street Scene – WL3
Interim Director Planning – WL3

These interim posts were also filled with effect from 1 February 2016.

The Grade for these posts are at WL2 and WL3 respectively as indicated above and detailed on the attached Appendix A and carry a car allowance of £4967.¹⁺² The Interim Director Community Services receives a telephone allowance of £150.66 p.a.¹⁺² in connection with his emergency planning role.

Progress through the grade occurs via the payment of an additional annual increment on 1 April each year, up to the maximum spinal column point in each grade range.

10. Other Heads of Service – Remuneration

There are three further interim posts of Head of Service reporting to the Acting Chief Executive with effect from 1 February 2016:

Interim Borough Transformation Manager
Interim Borough Solicitor (Monitoring Officer)
Interim Borough Treasurer (Section 151 Officer)

The Grade for these posts is at WL4 and the Interim Borough Transformation Manager receives a car allowance of £1239 p.a.¹⁺².

Progression through the grade occurs through the payment of an additional annual increment on 1 April each year, up to the maximum spinal column point in each grade range.

11. Other “Chief Officer” posts as defined within the Localism Act

There are further series of posts which fall within the definition of Chief Officer by virtue of being “Deputy Chief Officers” i.e. via reporting lines, which have not been specifically listed here but salaries range from PO1 to WL4, see Appendix A.

12. Payments on Termination

The Council’s approach to statutory and discretionary payments on termination of employment of chief officers and other groups of staff, prior to reaching normal retirement age, is set out within its Redundancy and Redeployment Policy, in accordance with Regulations 5 and 6 of the Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations 2006 and the Local Government Pension Scheme (LGPS) (Transitional Provisions, Savings and Amendment) Regulations 2014.

Any payments falling outside these provisions or the relevant periods of notice within the contract of employment or £100,000 or more shall be subject to a formal decision made by full Council.

With effect from 1 April 2016 the Council will implement regulations included in the Small Business, Enterprise and Employment Act 2015 for the recovery of termination payments paid to high earning public sector employees.

Under these rules, public sector employees will be required to repay a tapering proportion of a ‘qualifying exit payment’, if they return to the public sector within a period of 12 months and earn an annual salary of £80,000 or more.

13. Publication

This statement will be published on the Council’s website and intranet. In addition, for Senior Officer posts where the full time equivalent salary is at least £50,000, the Council’s Annual Statement of Accounts will include a note setting out the total amount of

- salary, fees or allowances paid to or receivable by the person in the current and previous year;
- any bonuses so paid or receivable by the person in the current and previous year;
- any sums payable by way of expenses allowance that are chargeable to UK income tax;
- any compensation for loss of employment and any other payments connected with termination;
- any benefits received that do not fall within the above.

The information set out within this pay policy statement complements the data on pay and reward that the Council is required to publish separately under the Accounts and Audit (England) Regulations 2011 and Local Government Transparency Code 2014. This data included all Senior Officers on a Salary in excess of £50,000 p.a., some of which are not employed on Chief Officer terms and conditions within the Council.

14. Lowest Paid Employees

The lowest paid persons employed under a contract of employment with the Council are employed on full time 36 hours equivalent salaries in accordance with the minimum spinal column point currently in use within the Council's grading structure, plus a voluntary Living Wage supplement, ensuring all employees receive the equivalent of a minimum payment of £8.25 per hour, effective from 1 December 2015.

The National Joint Council (NJC) pay spine applied by the Council to its grading structure, ranges from Spinal Column Point (Scp) 6, £ 15,486 and Scp 49 £42,857 p.a. ¹ (Scp 6 is illustrated including the voluntary Living Wage Supplement).

The lowest paid grade applied to any Council post is grade Scale 1 (a) which is paid at Scp 6 on the NJC pay spine, with annual incremental progression (including a voluntary Living Wage supplement).

The relationship between the rate of pay for the lowest paid and Chief Officers is determined by the processes used for determining pay and grading structures as set out earlier in this policy statement.

As part of its overall and ongoing monitoring of alignment with external pay markets, both within and outside the sector, the Council will use available benchmark information to ensure that our pay rates are fair, affordable and competitive in the market place.

15. Ratio of Salary Differences

The lowest paid employee of the Council is someone employed on Scp 6 on the NJC pay spine including the Living wage supplement. The average annual salary for this grade would be £15,486 p.a. ¹ (Including a voluntary Living Wage supplement).

The Chief Officer range of salaries (as defined in this policy) spans a minimum of local Scp 65 to 88. This provides an annual mean average Chief Officer salary for this grade range of £67,641 p.a. ¹ Consequently, the Chief Officer to lowest paid salary mean average is a ratio of 1:4.59 (or 1:4.70 when expressed as a ratio of total remuneration²). This calculation is based on the salaries for Acting Chief Executive and Interim Heads of Service only.

Using the wider definition of Chief Officer including those that could be considered Deputy Chief Officers by virtue of reporting lines would provide a grade range from Scp 35 to 88 creating a mean average Chief Officer salary of £39,276p.a. ¹) creating

a ratio of 1:2.67 (or 1:2.64 when expressed as a ratio of total remuneration ²). This grade ratio will continue unless the grade structure is amended, as any pay awards allocated to the NJC grades would be proportionately applied to all local spinal column points at the same time.

The highest salary paid in the Council is £ 89,434 p.a. ¹. This compares to a median average salary of £22,212p.a.¹. which is a ratio of 1:4.03 (or 1:4.20 when expressed as a ratio of total remuneration ² ratio). This is well within the recommendations put forward in the Hutton report, Fair Pay in the Public Sector, September 2010, which suggested no more than a ratio of 1:20.

16. Accountability and Decision Making

In accordance with the Constitution of the Council, the following Committees are responsible for decision making in relation to the recruitment, pay, terms and conditions and severance arrangements in relation to employees of the Council;

Recruitment and Dismissal of Head of Paid Service, Chief Officers and Deputy Chief Officers; Where the Council proposes to appoint and it is not proposed that the appointment be made exclusively from among their existing officers, it will do so as outlined below:

Appointment of Head of Paid Service - The full Council must approve the appointment of the Head of Paid Service before an offer of appointment is made to him/her following the recommendation of such an appointment by the Chief Officers Committee. That Committee will include at least one member of the Cabinet.

Appointment of Chief Officers employed on JNC Terms and Conditions- The Chief Officers Committee will appoint these officers. That Committee will include at least one member of the Cabinet.

Other appointments - Appointment of officers below this level is the responsibility of the Head of Paid Service or his/her nominee, and may not be made by Councillors.

Disciplinary Action - Head of Paid Service - The full Council must approve the dismissal of the Head of the Paid Service before notice of dismissal is given to him/her, following the recommendation of such dismissal by the Investigating Committee. That Committee will include at least one member of the Cabinet.

Disciplinary Action - Dismissal of Chief Officers employed on JNC Terms and Conditions - The Investigating Committee will be responsible for the dismissal of Chief Officers employed on JNC Terms and Conditions and the Section 151 Officer. That Committee will include at least one member of the Cabinet.

Disciplinary Action - Further Provisions - Suspension. The Head of Paid Service, Monitoring Officer and Chief Finance Officer (Section 151 Officer) may be suspended whilst an investigation takes place into alleged misconduct. That suspension will be on full pay and last no longer than two months.

Other Dismissals and Disciplinary Action – Officers on NJC terms and Conditions (other than above):- the dismissal of and taking disciplinary action against officers below deputy chief officer (other than assistants to political groups) must be discharged on behalf of the Council by the Head of the Paid Service or his/her nominee.

Councillors will not be involved in the dismissal of any officer below Interim Director level except where such involvement is necessary for any investigation or inquiry into alleged misconduct, though the Council's disciplinary, capability and related procedures, as adopted from time to time may allow a right of appeal to members.

17. Engagement of Former Chief Officers in receipt of Pensions

The Council does not have a policy which prevents former Council employees from applying for and being successfully appointed to any Council job including other Chief Officer jobs, because they are in receipt of a Public Sector or Local Government pension. Normal Recruitment and Selection processes would apply in line with the Council's Equality in Employment Policy.

The Council does not prevent someone being offered a contract for services, e.g. as a consultant or agency worker based on the fact that they are in receipt of a pension. In relation to the appointment of Consultants, normal procurement rules would apply on value for money. In respect of agency workers, the normal agency procurement processes would apply.

However, in accordance with the the Small Business, Enterprise and Employment Act 2015, regulations relating to the repayment of exit payments, any public sector employees who received an annual salary of £80,000 or above, will be required to repay a tapering proportion of a 'qualifying exit payment', if they return to the public sector and are offered a post within the Council at this Salary level or above within a period of 12 months from the receipt of the original exit payment.

18. Policy Review

The Chief Officer Pay Policy Statement will be reviewed annually or earlier if required and agreed by Council before 31 March in each year.

19. Employer Pension Contribution

The Council will contribute to the Local Government Pension Scheme in 2016/17 for all its employees who are members at the rate of 13.7% of an employee's salary across the whole workforce for all member employees plus a deficit recovery contribution of £980,000. This rate of contribution is set by Actuaries advising the Lancashire Pension Fund and is reviewed on a triennial basis.

20. Employee Pension Contribution

Employees who are members of the Local Government Pension Scheme pay at present the following annual contributions. The Local Government Pension Scheme was amended with effect from 1 April 2014. The table set out below details the contribution bands effective from 1 April 2014 together with those previously applied.

Band	FTE Salary up to from 31/3/14	Employee Contribution Rate (%) from 31/3/14
1	Up to £13,700	5.5
2	£13,700 to £16,000	5.8
3	£16,01 to £20,800	5.9
4	£20,801 to £34,700	6.5
5	£34,701 to £46,500	6.8
6	£46,501 to £87,100	7.2
7	More than £87,100	7.5

¹ Salary details as at 1st January 2016

² Remuneration details as at 1st January 2016 – Remuneration includes salary, car expense allowance, enhance rates of pay for over time, extra duties allowance, shift allowance, living wage supplement, standby duty, telephone allowance, election fees and employers pension contributions .

Grade	Grade Title	SCP Range	Salary since <u>1.1.15</u>
1	Scale 1 (a)	6*	£13,6148
2	Scale 1 (b)	7*	£13,715
		8*	£13,871
		9*	£14,075
		10*	£14,338
3	Scale 2	11*	£15,207
		12	£15,523
		13	£15,941
4	Scale 3	14	£16,231
		15	£16,572
		16	£16,969
		17	£17,372
5	Scale 4	18	£17,714
		19	£18,376
		20	£19,048
		21	£19,742
6	Scale 5	22	£20,253
		23	£20,849
		24	£21,530
		25	£22,212
7	Scale 6	26	£22,937
		27	£23,698
		28	£24,472
8	SO1	29	£25,440
		30	£26,293
		31	£27,123
9	SO2	32	£27,924
		33	£28,746
		34	£29,558
10	PO1	35	£30,178

		36	£30,978
		37	£31,846
		38	£32,778
11	PO2	39	£33,857
		40	£34,746
		41	£35,662
		42	£36,571
12	PO3	43	£37,483
		44	£38,405
		45	£39,267
13	PO4	46	£40,217
		47	£41,140
		48	£42,053
		49	£42,957
14	SM1	50	£43,320
		51	£44,069
		52	£44,818
15	SM2	53	£45,741
		54	£47,075
		55	£48,413
16	SM3	56	£48,558
		57	£50,454
		58	£52,352
17	WL4	65	£52,880
		66	£54,202
		67	£55,523
18	WL3	71	£60,088
		72	£61,395
		73	£62,699
19	WL2	77	£66,358
		78	£67,663
		79	£68,969
20	WL1	88	£89,434

*Spinal Column Point 6 to 11 are all in receipt of an annual salary of £15,486 when the voluntary Living Wage supplement is added.