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## **PAY POLICY STATEMENT 2021/22 (Revised February 2021)**

### **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 2021 and will be subject to review on an annual basis, or earlier if required, the policy for the next financial year being approved by 31<sup>st</sup> March each year.

On 4 November 2019, the Council's pay line was amended and the grade of the Chief Officer WLa was amended. The current pay line is detailed at Appendix A.

### **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 Favorable 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 pay scales range from Scale 1 to WLa. Scales 1 to PO4 are in line with the National Pay Spine and senior managers on Grades SM1 to WLa are on a locally determined pay spine. Full details are shown in the Appendices 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.

The Council pays an additional supplement to those Council employees not currently receiving the Living Wage Foundation ‘living wage’ (currently an hourly rate of £9.50). This equates to the current spinal column point 1 on the Council's pay scale

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and consequently not additional supplements are required.

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, 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. This may lead to the payment of a market supplement or retention payment. 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 Chief Operating Officer except for officers on JNC Chief Officer terms and conditions which must be determined by the Council.

The Council also employs a number of Apprenticeships throughout the various services. These are paid in line with National Minimum Wage rates for age. These rates do not form part of the overall grading structure for the Council and are presently as detailed below (1 April 2020 figures):

| <b>FTE Annual Salary</b> | <b>Apprenticeship Age Rate</b> |
|--------------------------|--------------------------------|
| £8,541                   | Age under 18 years             |
| £12,108                  | Age 18 – 20                    |
| £15,393                  | Age 21 -24                     |
| £16,369                  | Age over 25 years              |

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These national apprenticeship rates are not included in the pay ratios as they are not part

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of the Council's pay scale structure.

#### 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:

**Chief Operating Officer, Corporate Director of Place & Community, Corporate Director of Transformation & Resources, Head of Growth & Development Services, Head of Wellbeing & Leisure Services, Head of Environmental Services, Head of Housing & Regulatory Services, Head of Finance, Procurement & Commercial Services and Head of Corporate & Customer Services and Legal & Democratic Services Manager which also assumes the role of Monitoring Officer for the Council.**

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 WLe (see the Appendix).

“Lowest Paid Employees” – see Para 14.

#### 5. Terms and Conditions of Employment

There are three officers on JNC Chief Officer terms and conditions of employment are the Chief Operating Officer, Corporate Director of Place & Community and Corporate Director of Transformation & Resources. All other posts within the Council are employed in accordance with National Joint Council (NJC) terms and conditions for Local Government Services.

Both two 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 13.2 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**

#### **Organisational Change Scheme**

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.

With effect from 1 April 2021, the Council has introduced a mandatory 2 year gap from when a former employee exits the Council on the ground of voluntary redundancy to when they may be re-engaged in the employment of the Council or engaged as an agency placement or on a contract for service. This is applied across all grades for both NJC and JNC staff and do not take account of whether or not a pension is payable.

There will be an exemption to this for emergency situations when former employees may need to be brought back into the employment of the Council on short fixed term contracts in view of their specialist skills. However this would be subject to the direct approval of the Chief Operating Officer, in consultation with the Portfolio holder for Human Resources.

### **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

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**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 and Single Status Document.

**8. Chief Operating Officer - Remuneration**

The current Senior Management structure was approved by extraordinary Council on 10 July 2019. The new structure became effective from 4 November 2019. The post of Chief Operating Officer was created and is designated the Head of the Paid Service and also Returning Officer.

The post is paid at WLa on the attached Appendix A. 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 while the fees for other elections, such as Parliamentary and County Council, are paid for externally.

**9. Corporate Directors - Remuneration**

There are two posts of Corporate Director reporting to the Chief

Operating Officer:

Corporate Director of Place & Community - WLb

**Corporate Director of Transformation & Resources – WLb**

The Grade for these posts is at WLb as indicated above and detailed on the attached Appendix A. There is a spot salary for this grade, which carries no additional annual increments.

**10. Other Heads of Service – Remuneration**

There are six further posts of Head of Service. The first 4 are noted below:

Head of Growth & Development Services,  
Head of Wellbeing & Leisure Services,  
Head of Environmental Services,  
Head of Corporate & Customer Services.

The Grade for these posts are WLe, which is a 3 increment grade. 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.

The fifth and sixth head of services are:

Head of Finance, Procurement and Commercial Services (Section 151),  
Head of Housing & Regulatory Services.

The Grade for these posts are WLd, which is a 3 increment grade. 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 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 WLe, as set out in the Appendix.

Of particular note the following post which is the designated Monitoring Officer, and is a member of the Corporate Management Team, for the Council:

Legal & Democratic Services Manager

This role is graded SM3, which is a 3 increment grade. 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.

**12. Payments on Termination**

The Council’s approach to statutory and discretionary payments on termination of employment of the Chief Executive and chief officers and other groups of staff, prior to reaching normal retirement age, is set out within its Organisational Change Scheme, 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

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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 regulations included in the Small Business, Enterprise and Employment Act 2015 were planned to be introduced 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. Currently these regulations have not been brought in, but when they are the Council will apply them as appropriate.

However, with the introduction of the mandatory 2 Year Gap for re-engagement into a contract for employment or service with the Council for any officer who exits the Council's employment via Voluntary Redundancy, should mean the potential for needing to consider this will be limited.

With effect from 4 November 2020 the regulations associated with a maximum £95,000 exit costs cap to be applied to public sector exit payments became effective. However, these have recently been revoked and consequently the Council's Organisational Change Scheme will be amended, in due course, to remove this requirement from the Councils redundancy policies, in line with legislation.

### **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 compliments 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 includes all Senior Officers on a Salary in excess of £50,000 p.a.

### **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. This excludes Apprenticeships, which are paid in line with National minimum wage rates for age and do

not form part of the Council's pay scale structure.

The National Joint Council (NJC) pay spine applied by the Council to its grading structure, ranges from Spinal Column Point (Scp) 1, £17,842 and Scp 43 £46,845 p.a. as at 31 January 2021.

The lowest paid grade applied to any Council post is grade Scale 1 which is paid at Scp 1 on a grade Scp 1 to scp 3) on the NJC pay spine, with annual incremental progression.

The relationship between the rate of pay for the lowest paid and Chief Operating Officer 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**

Ratio calculation need to be based on salary point and actual remuneration. The ratio calculations are based on salaries at 31 January 2021.

The full pay spine for 2020 is detailed at Appendix A, and is pending the 1 April 2021 national pay awards.

The lowest paid employee of the Council is someone employed on Scp 1 on the NJC pay spine. The average annual salary for this grade would be £17,842.

The Chief Operating Officer and Chief Officer range of salaries (as defined in this policy) spans a minimum of local Scp 53 to 71. This provides an annual mean average Chief Officer salary of £69,093. Consequently, the Chief Officer to lowest paid salary mean average is a ratio of 1:3.74 (or 1:3.88 when expressed as a ratio of total remuneration). This calculation is based on the salaries for Chief Operating Officer and Corporate Directors and 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 29 to 71. This provides a mean average Chief Officer salary of £42,301 p.a. creating a ratio of 1:2.29 (or 1:2.43 when expressed as a ratio of total remuneration).

The highest salary paid in the Council is £97,099 p.a. This compares to a median average salary of £25,481 p.a. which is a ratio of 1:3.45 (or 1:2.86 when expressed as a ratio of total remuneration). 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 and Monitoring 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** – The dismissal of and taking disciplinary action against Officers on NJC Terms and Conditions (other than above) 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 Corporate Director level except where such involvement is necessary for any investigation or inquiry into alleged misconduct, through 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.

However the Council does have a mandatory 2 Year gap which must be maintained for any officer, not just Chief Officer, who exits the Council via voluntary redundancy, before they can be re-engaged. This prevents someone being re-engaged by the Council to a

temporary fixed term or permanent employment, used as an Agency placement or engaged on a contract for service, for a period of 2 years from the date that they left on voluntary redundancy. This is applicable whether or not the former employee is in receipt of a pension. There is an exemption for specialist skills required in emergency situations, by direct approval of the Chief Operating Officer, in consultation with the portfolio holder for Human Resources, as noted above.

However, in accordance with 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 (subject to this being approved for implementation by the Government). Once this is legislation, this will be applied by the Council

## **18. Holiday Pay Supplement**

The Council pays an additional percentage on all overtime payments, to compensate staff for any additional holiday pay they may be entitled to. This will be an amount equivalent to 7.69% (20/260) of the overtime payment. This percentage takes into account the number of statutory holidays (20) and typically no more than 260 working days in the year. This additional percentage for the following claimable pay elements:

- Shift Allowances and Shift Pay
- Call Out and Standby
- Extra Duty and Additional Hours
- Honoraria

## **19. Policy Review**

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

## **20. Employer Pension Contribution**

The Council will contribute to the Local Government Pension Scheme in 2020/21 for all its employees who are members based on a rate of 19% of their pensionable pay. Additional contributions will also be made to address the current overall deficit on the Pension Fund. The rate of contribution is set by Actuaries advising the Lancashire Pension Fund and is reviewed on a triennial basis.

## **21. Employee Pension Contribution**

Employees who are members of the Local Government Pension Scheme pay at April 2020 the following annual contributions:

|                    |      |
|--------------------|------|
| Up to £14,100      | 5.5% |
| £14,101 to £22,000 | 5.8% |
| £22,001 to £35,700 | 6.5% |
| £35,701 to £45,200 | 6.8% |

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|                      |       |
|----------------------|-------|
| £45,201 to £63,100   | 8.5%  |
| £63,101 to £89,400   | 9.9%  |
| £89,401 to £105,200  | 10.5% |
| £105,201 to £157,800 | 11.4% |

**Notes**

- (1) The salary ratio details shown in this statement are based on the actual earnings in effect at 31st January 2021.
- (2) Total remuneration has been calculated including salary, car expense allowance, over time, extra duties allowance, shift allowance, living wage supplement, standby duty, telephone allowance, election fees and employer's pension contributions. In view of the implementation of the restructure part way through the year, remuneration ratios do not contain full year calculations.

**Appendix A**

| WLBC Grade Bands | Grade Title | SCP | Salary from 1 April 2020 |
|------------------|-------------|-----|--------------------------|
| 1                | Scale 1     | 1   | £17,842                  |
|                  |             | 2   | £18,198                  |
|                  |             | 3   | £18,562                  |
| 2                | Scale 2     | 3   | £18,562                  |
|                  |             | 4   | £18,933                  |
| 3                | Scale 3     | 5   | £19,312                  |
|                  |             | 6   | £19,698                  |
| 4                | Scale 4     | 7   | £20,092                  |
|                  |             | 8   | £20,493                  |
|                  |             | 9   | £20,903                  |
|                  |             | 11  | £21,748                  |
| 5                | Scale 5     | 12  | £22,183                  |
|                  |             | 14  | £23,080                  |
|                  |             | 15  | £23,541                  |
|                  |             | 17  | £24,491                  |
| 6                | Scale 6     | 19  | £25,481                  |
|                  |             | 20  | £25,991                  |
|                  |             | 21  | £26,511                  |
|                  |             | 22  | £27,041                  |
| 7                | SO1         | 23  | £27,741                  |
|                  |             | 24  | £28,672                  |
|                  |             | 25  | £29,577                  |
| 8                | SO2         | 26  | £30,451                  |
|                  |             | 27  | £31,346                  |
|                  |             | 28  | £32,234                  |
| 9                | PO1         | 29  | £32,910                  |
|                  |             | 30  | £33,782                  |
|                  |             | 31  | £34,728                  |
|                  |             | 32  | £35,745                  |
| 10               | PO2         | 33  | £36,922                  |
|                  |             | 34  | £37,890                  |
|                  |             | 35  | £38,890                  |

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|            |    |         |
|------------|----|---------|
|            | 36 | £39,880 |
| 11 PO3     | 37 | £40,876 |
|            | 38 | £41,881 |
|            | 39 | £42,821 |
| 12 PO4     | 40 | £43,857 |
|            | 41 | £44,863 |
|            | 42 | £45,859 |
|            | 43 | £46,845 |
| 13 SM1     | 44 | £47,241 |
|            | 45 | £48,057 |
|            | 46 | £48,874 |
| 14 SM2     | 47 | £49,880 |
|            | 48 | £51,335 |
|            | 49 | £52,794 |
| 15 SM3     | 50 | £52,953 |
|            | 51 | £55,021 |
|            | 52 | £57,090 |
| 16 WLe     | 53 | £57,636 |
|            | 54 | £57,962 |
|            | 55 | £58,509 |
| 17 WLd     | 56 | £62,704 |
|            | 57 | £63,249 |
|            | 58 | £63,794 |
| <b>JNC</b> |    |         |
| 18 WLe     | 61 | £76,301 |
| 19 WLb     | 62 | £83,933 |
| 20 WLa     | 71 | £97,099 |