

PAY POLICY STATEMENT 2017/18 (Revised February 2017)

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 2017 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 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 Appendix. 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 £8.45). 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 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:

Chief Executive, Borough Treasurer, Director of Housing and Inclusion, Director of Leisure and Wellbeing, Director of Street Scene, Director of Development and Regeneration, Borough Transformation Manager and Deputy Director of Housing and Inclusion, 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 WLe (see the Appendix).

“Lowest Paid Employees” – see Para 14.

5. Terms and Conditions of Employment

The officer on JNC Chief Executive terms and conditions is the Chief Executive. Other Officers on Chief Officer terms and conditions of employment are the Director of Housing and Inclusion, the Director of Leisure and Wellbeing, the Director of Street Scene and the Director of Development and Regeneration. All other posts within the Council are employed in accordance with National Joint Council (NJC) terms and conditions for Local Government Services.

All three 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 the Chief Executive and Chief Officers on JNC Terms and Conditions is set out within the Officer Employment Procedure Rules as set out in Part 4 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 Executive or 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 Executives of Local Authorities

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 Executive or Chief Officers. Any changes in duties would be covered in the Harmonisation Document.

8. Chief Executive - Remuneration

At its meeting on 24 February 2016, the Council agreed to a revised Senior Management structure and updated pay line and grading structure, following the voluntary redundancy of the Managing Director (People and Places). The post of Chief Executive was created and filled with effect from 1 March 2016 on a permanent basis. The current postholder fulfills the duties and responsibilities of the post of Chief Executive and is designated the Head of the Paid Service and also Returning Officer.

The post is paid at WLa on the attached Appendix. 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. Directors - Remuneration

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

- Director of Leisure and Wellbeing – WLb
- Director of Housing and Inclusion – WLb
- Director of Street Scene – WLC
- Director of Development and Regeneration – WLC

These posts were also filled with effect from 1 March 2016.

The Grade for these posts are at WLb and WLC respectively as indicated above and detailed on the attached Appendix. There are spot salaries for these grades, which carry no additional annual increments. The Director of Health and Wellbeing receives a telephone allowance of £150.66 p.a. in connection with his emergency planning role.

10. Other Heads of Service – Remuneration

There are three further posts of Head of Service with effect from 1 March 2016:

- Borough Transformation Manager and Deputy Director of Housing and Inclusion
- Borough Solicitor (Monitoring Officer)
- Borough Treasurer (Section 151 Officer)

The Grade for these posts is at WLD, which is a 3 increment grade, and the Borough Transformation Manager and Deputy Director of Housing and Inclusion receives a car allowance of £1239 p.a. (this is subject to review).

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. However, NJC terms and conditions provide for an additional increment to be payable 6 months after appointment to post if a new appointment is made between October and March in any year.

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.

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 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 regulations included in the Small Business, Enterprise and Employment Act 2015 were 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.

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, plus a voluntary Living Wage supplement, ensuring all employees receive the equivalent of a minimum payment of £8.45 per hour, effective from 1 December 2016.

The National Joint Council (NJC) pay spine applied by the Council to its grading structure, ranges from Spinal Column Point (Scp) 6, £15,862 and Scp 49 £43,387 p.a. (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 Executive 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 £15,862 (including the Living Wage Supplement).

The Chief Executive and Chief Officer range of salaries (as defined in this policy) spans a minimum of local Scp 71 to 100. This provides an annual mean average Chief Officer salary of £ £71,669. Consequently, the Chief Officer to lowest paid salary mean average is a ratio of 1:4.52 (or 1:4.44 when expressed as a ratio of total remuneration). This calculation is based on the salaries for Chief Executive and Heads of Service only, based on officers in post at 31 January 2017.

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 100. This provides a mean average Chief Officer salary of £ £39,586 p.a. creating a ratio of 1:2.50 (or 1:2.48 when expressed as a ratio of total remuneration). 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. N.B. All posts occupied in this grade range have been included in this calculation.

The highest salary paid in the Council is £99,796 p.a. This compares to a median average salary of £22,434 p.a. which is a ratio of 1:4.45 (or 1:4.42 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. 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 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.

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 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 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 2017/18 for all its employees who are members based on a rate of 16.3% 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.

20. Employee Pension Contribution

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

| | |
|---------------------|-------|
| Up to £13,600 | 5.5% |
| £13,601 - £21,200 | 5.8% |
| £21,201 - £34,400 | 6.5% |
| £34,401 - £43,500 | 6.8% |
| £43,501 - £60,700 | 8.5% |
| £60,701 - £86,000 | 9.9% |
| £86,001 - £101,200 | 10.5% |
| £101,201 - £151,800 | 11.4% |

Notes

- (1) The salary ratio details shown in this statement are based on the actual earnings in effect at 31st January 2017.
- (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.

Constitution 13:1: Pay Policy Statement

APPENDIX

| Grade | Grade Title | SCP | Salary 2016-17 | Salary 2017-18 |
|--------------|--------------------|------------|---------------------------|---------------------------|
| 1 | Scale 1 (a) | 6 | *14,514 | *15,014 |
| 2 | Scale 1 (b) | 7 | *14,615 | *15,115 |
| | | 8 | *14,771 | *15,246 |
| | | 9 | *14,975 | *15,375 |
| | | 10 | *15,238 | *15,613 |
| 3 | Scale 2 | 11 | *15,507 | *15,807 |
| | | 12 | *15,823 | 16,123 |
| | | 13 | 16,191 | 16,491 |
| 4 | Scale 3 | 14 | 16,481 | 16,781 |
| | | 15 | 16,772 | 17,072 |
| | | 16 | 17,169 | 17,419 |
| | | 17 | 17,547 | 17,772 |
| 5 | Scale 4 | 18 | 17,891 | 18,070 |
| | | 19 | 18,560 | 18,746 |
| | | 20 | 19,238 | 19,430 |
| | | 21 | 19,939 | 20,138 |
| 6 | Scale 5 | 22 | 20,456 | 20,661 |
| | | 23 | 21,057 | 21,268 |
| | | 24 | 21,745 | 21,962 |
| | | 25 | 22,434 | 22,658 |
| 7 | Scale 6 | 26 | 23,166 | 23,398 |
| | | 27 | 23,935 | 24,174 |
| | | 28 | 24,717 | 24,964 |
| 8 | SO1 | 29 | 25,694 | 25,951 |
| | | 30 | 26,556 | 26,822 |
| | | 31 | 27,394 | 27,668 |
| 9 | SO2 | 32 | 28,203 | 28,485 |
| | | 33 | 29,033 | 29,323 |
| | | 34 | 29,854 | 30,153 |
| 10 | PO1 | 35 | 30,480 | 30,785 |
| | | 36 | 31,288 | 31,601 |
| | | 37 | 32,164 | 32,486 |
| | | 38 | 33,106 | 33,437 |
| 11 | PO2 | 39 | 34,196 | 34,538 |
| | | 40 | 35,093 | 35,444 |
| | | 41 | 36,019 | 36,379 |
| | | 42 | 36,937 | 37,306 |
| 12 | PO3 | 43 | 37,858 | 38,237 |
| | | 44 | 38,789 | 39,177 |
| | | 45 | 39,660 | 40,057 |

Constitution 13:1: Pay Policy Statement

| | | | | |
|-------------------|------|-----|--------|---------|
| 13 | PO4 | 46 | 40,619 | 41,025 |
| | | 47 | 41,551 | 41,967 |
| | | 48 | 42,474 | 42,899 |
| | | 49 | 43,387 | 43,821 |
| 14 | SM1 | 50 | 43,753 | 44,191 |
| | | 51 | 44,510 | 44,955 |
| | | 52 | 45,266 | 45,719 |
| 15 | SM2 | 53 | 46,198 | 46,660 |
| | | 54 | 47,546 | 48,021 |
| | | 55 | 48,897 | 49,386 |
| 16 | SM3 | 56 | 49,044 | 49,534 |
| | | 57 | 50,959 | 51,469 |
| | | 58 | 52,876 | 53,405 |
| 17 | WL e | 59 | 53,381 | 53,915 |
| | | 60 | 53,684 | 54,221 |
| | | 61 | 54,189 | 54,731 |
| 18 | WL d | 71 | 58,075 | 58,656 |
| | | 72 | 58,580 | 59,166 |
| | | 73 | 59,085 | 59,676 |
| <u>JNC</u> | | | | |
| 19 | WL c | 79 | 70,668 | 71,375 |
| 20 | WL b | 88 | 77,738 | 78,515 |
| 21 | WL a | 100 | 99,796 | 100,794 |

*The National Living Wage Foundation Living Wage – a supplement is paid to ensure that all staff are paid the equivalent of at least £8.45 per hour from 1 December 2016, which is equivalent to £15,862 for a full time worker.