

Lancaster City Council Draft Pay Policy Statement 2016 - 17

1.0 Background

- 1.1 Under section 112 of the Local Government Act 1972, the Council has the “power to appoint officers on such reasonable terms and conditions as Council thinks fit”. Sections 38 – 43 of the Localism Act 2011 require that the Council produce a policy statement that covers a number of matters concerning the pay of the Council’s staff, principally Chief Officers.
- 1.2 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 and has been prepared in accordance with the Openness and Accountability in Local Pay: Guidance under Section 40 of the Localism Act published by the Secretary of State for Communities and Local Government in February 2012 and the Local Authorities (Data Transparency) Code 2014.

2.0 Purpose

- 2.1 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 detail and level of remuneration of its most senior staff i.e. ‘Chief Officers’, as defined by the relevant legislation;
 - The Committee responsible for ensuring the provisions set out in this statement are applied consistently throughout the Council and recommending any amendments to the full Council.

3.0 Other legislation relevant to pay and remuneration

- 3.1 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 2006.
- 3.2 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.

4.0 Definition of Officers covered by the Policy Statement

- 4.1 This policy statement is required to cover “Chief Officer” posts as defined in Sections 38 and 43 of the Localism Act 2011.
- 4.2 For Lancaster City Council these are:
- a) The Chief Executive (Head of Paid Service)
 - b) Chief Officer (Resources) (Section 151 Officer responsible for the administration of the authority’s financial affairs)
 - c) Chief Officers:
 - Chief Officer (Environment)
 - Chief Officer (Governance) (post vacant as at 1st March 2016)

- Chief Officer (Health and Housing)
 - Chief Officer (Regeneration and Planning)
- d) Other post that report direct to a Chief Officer.
- Democratic Services Manager (Monitoring Officer)
 - Economic Development Manager
 - Environmental Health Manager
 - Financial Services Manager
 - Finance and Administration Manager
 - HR & OD Manager
 - ICT Manager
 - Internal Audit Manager
 - Planning Manager
 - Principal Housing Manager
 - Private Sector Housing Manager
 - Public Realm Manager
 - Regeneration Manager
 - Repairs and Maintenance Manager
 - Safety Manager
 - Sports and Leisure Manager
 - Waste & Recycling Manager

4.3 It should be noted that, whilst within the terms of the Act, the posts listed in 4.2 (d) above fall within the statutory definition of chief officer posts, they are not designated as Chief Officers within the Council. The Officers set out in 4.2 (d) are paid below £50,000 and their terms and conditions of service are based on those defined by the National Joint Council for Local Government, National Agreement on Terms and Conditions of Service (NJC Green Book).

5.0 Arrangements for the Remuneration of Chief Officers

- 5.1 The Council's arrangements for the remuneration of the posts detailed in Para 4.2 (a) to (c) above are set out in the schedule that is attached to this policy statement at Appendix A. It is the policy of this Council to establish a remuneration package for each Chief Officer post that is sufficient to attract and retain staff of the appropriate skills, knowledge, experience, abilities and qualities that is consistent with the Council's requirements of the post in question at the relevant time.
- 5.2 As part of the development of the new senior management structure in 2010 there was a review of Chief Officer Pay (excluding the Chief Executive) in which each post was evaluated to determine its relative value. The outcomes of this review informed the development of a revised salary structure. North West Employers provided guidance and advice on the valuation of the posts and statistical data which was used to determine the revised salary structure.
- 5.3 In 2012 the senior management structure within the Council was reviewed and as a result the posts of Deputy Chief Executive and the Head of Property Services were disestablished. A further review in 2013 resulted in a reorganisation of services and the disestablishment of the Head of Community Engagement post. These changes and forthcoming developments in service structures, call for the wider review and re-evaluation of roles and responsibilities across the senior management structure. The consideration of any review has been postponed until after 1 July 2016. (Cabinet Minute 17 94 August 2015).

6.0 Policy on other Aspects of Chief Officer Remuneration

6.1 It is appropriate to cover other aspects of Chief Officer Remuneration in this policy statement. These other aspects are defined as recruitment, pay increases, additions to pay, performance related pay, earn back, bonuses, termination payments, transparency and re-employment when in receipt of a Local Government Pension Scheme (LGPS) pension or a redundancy/severance payment. These matters are set out in the schedule attached at Appendix B.

7.0 Chief Executive Remuneration

7.1 The post of Chief Executive (which also acts as Head of Paid Service) is paid on a fixed salary of £107,060 (£107,000 with effect from 1 July 2016). The postholder also acts as the Returning Officer for which additional fees are payable in relation to specific election based activities.

8.0 Returning Officer Fees

8.1 The Council appointed the Chief Executive as Returning Officer in 2000.

8.2 In accordance with the national agreement the Chief Executive is entitled to receive and retain the personal fees arising from performing the duties of Returning Officer, Acting Returning Officer, Deputy Returning Officer or Deputy Acting Returning Officer and similar positions which he or she performs subject to the payment of pension contributions thereon, where appropriate.

8.3 Fees for Returning Officer and other electoral duties are identified and paid separately for local government elections, elections to the UK Parliament and EU Parliament and other electoral processes such as referenda. As these relate to performance and delivery of specific elections duties as and when they arise, they are distinct from the process for the determination of pay for Chief Officers.

9.0 Chief Officer Remuneration

9.1 After a number of changes to its structure in 2010 and 2012, a further change in 2013 resulted in a reduction of posts entitled "Chief Officer" to its current level of five on the establishment.. As detailed above (Para 5.4) the current pay grade was developed in 2010. Progression within grade is normally annually on 1 April each year until the postholder reaches the top of grade. There is no assessment of performance linked to progression in grade. The basic salary/pay grade for Chief Officers is detailed in Appendix A.

9.2 It should be noted that following the retirement of the Chief Officer (Governance), the Democratic Services Manager was designated Monitoring Officer with effect from the 1st March 2016. The Monitoring Officer is a chief officer as defined by the Localism Act 2011, but, as indicated in paragraph 4.2 above, the current postholder is not designated by the Council as a Chief Officer, and is not employed on the Joint Negotiating Committee for Chief Officers in Local Authorities Conditions of Service.

10.0 Other Chief Officers Conditions of Service

10.1 The other terms and conditions of service are set out in the relevant conditions of service handbooks, which can be accessed via the Councils website.

Chief Executive: The Joint Negotiating Committee for Local Authority Chief Executives - Conditions of Service.

All other Chief Officers: The Joint Negotiating Committee for Chief Officers in Local Authorities - Conditions of Service.

11.0 Additional Chief Officers Allowances

11.1 Any other allowances relating to the Chief Officers are the same as for all other posts within the Council, for example, reimbursement of fuel expenditure from business travel.

12.0 Policy on Remunerating the Lowest Paid in the Workforce

12.1 The Council applies terms and conditions of employment that have been negotiated and agreed through appropriate collective bargaining mechanisms (national or local) or as a consequence of Council decisions; these are then incorporated into contracts of employment.

12.2. With the adoption of the Living Wage as the base rate of pay across the Council, the lowest scale point is SCP 10. This scale point automatically defaults to the National Living Wage Rate on 1 April each year. This scale point relates to an annual salary of £14,338 and can be expressed as an hourly rate of pay of £7.85.

12.3 The Council's main pay scale was developed as part of the Council's Fair Pay review and implemented on 1 April 2010. All pay rates other than SCP 10 increase in accordance with any pay settlements which are reached through the National Joint Council for Local Government Services (NJC). Should the national living wage rate impinge on any NJC Rates (SCP 11 or above) then the pay scale will be adjusted to accommodate the provision of the base rate of pay equal to the national living wage rate. The Council's revised Pay and Grading Structure is detailed at Appendix C.

12.3 The Council also employs Apprentices who are not considered within the definition of 'lowest paid employees' as they are employed under locally defined Apprentice Pay Rate, which track the national minimum pay rate. The 2016/17 rates are:

- **Apprentice Year One Rate:** £5.30
(Tracks the 18 to 20 year old National Minimum Rate)
- **Apprentice Year Two Rate:** £6.70
(Tracks the Over 21 years of age National Minimum Rate)
- **Apprentice Year Three:** SCP10
(Living Wage Rate £8.25)

13.0 Relationship between Chief Officer Remuneration and that of other Staff

13.1 The highest paid salary in this Council is £107,060 (£107,000 WEF 1 July 2016) which is paid to the Chief Executive. The pay multiple between the Chief Executive's salary and the Average Median Salary are set out below. This Council does not have a policy on maintaining or reaching a specific 'pay multiple'. However the Council is conscious of the need to ensure that the salary of the highest paid employee is not excessive and is consistent with the needs of the Council as expressed in this policy statement. The Council's approach to the payment of other staff is to pay that which the Council needs to pay to recruit and retain staff with the skills, knowledge, experience, abilities and qualities needed for the post in question at the relevant time, and to ensure that the Council meets any contractual requirements for staff including the application of any local or national collective agreements, or Council decisions regarding pay.

Living Wage

13.2 Lancaster City Council has adopted the living wage as its base rate of pay. The Living Wage is a non-statutory rate of pay which is set independently and reviewed annually, normally in November. Lancaster City Council will apply any increase to the Living wage rate on 1 April in the following year. From 1 April 2016 the Living Wage rate is £7.85. Any pay awards that may be agreed by the National Joint Council for Local Government Services are not applicable to the Living Wage Rate.

13.3 The pay ratios are as follows:

Post	Salary	Benchmark	Salary	Ratio
Chief Executive	£107,060 (*£107,000)	Median Salary	£20,253	5.29
		Mean Salary	£23,073	4.64
		Lowest Salary	£15,917	6.73
Chief Officer	£65,490	Median Salary	£20,253	3.23
		Mean Salary	£23,073	2.84
		Lowest Salary	£15,917	4.11

**With effect from 1 July 2016*

14.0 Salary Information

14.1 A full schedule of salaries/grades within the Council is set out in [Appendix C](#)

15.0 Pay Structure (General)

- 15.1 The Council uses the nationally negotiated pay spine(s) (i.e. a defined list of salary points) except for SCP 10 as the basis for its local pay structure. These spinal points are divided into a number of locally determined pay grades.
- 15.2 The Council adopts 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 of the National Joint Council for Local Government Services. Any national pay increase will not apply to the living wage rate which is determined locally, as detailed in paragraph 13.2 (above).
- 15.3 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.

Job Evaluation

- 15.4 To determine the pay grade for the majority of posts the Council operates a Job Evaluation Scheme. The conventions are based on the evaluation factors within the Greater London Provincial Councils (GLPC) job evaluation scheme. In determining its grading structure and setting remuneration levels for any posts which fall outside its scope, 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.
- 15.5 A post will be re-evaluated if there has been a significant change to the duties of the post. It is expected before any post is put forward for re-evaluation that the relevant Chief Officer and Service Manager will critically evaluate any request that suggests that a post has change significantly to justify a Job Evaluation review. All evaluations/re-evaluations will be undertaken by the Human Resource (HR) staff fully trained in the use of the GLPC computerised job evaluation scheme. The re-evaluation is conducted on the whole activities of a post not just the areas where any addition activities are proposed. These arrangements apply to all employees of the Council whose terms and conditions of service are determined by the NJC for Local Government Services (the Green Book).

15.6 New appointments will normally be made at the minimum of the relevant pay scale point for the grade, although this can be varied where necessary to secure the best candidate. This arrangement applies equally to all employees of the Council. 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 Council's Constitution (Part 3 - Responsibility for Functions Section 14). The principle of appointing at the bottom of the pay grade applies equally to Chief Officers.

15.7 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.

15.8 Any temporary market supplement applied to the salary grade for a particular post will be subject to approval in accordance with the Council's Market Supplement Policy.

16.0 Recruitment of Chief Officers

16.1 The Council's policy and procedures with regard to recruitment of Chief Officers is set out within the Council's Constitution (Part 4 - Rules of Procedure, Section 6, Officer Employment Procedure Rules). (*URL link to document via the Council's Website*)

16.2 When recruiting to all posts the Council will take full and proper account of all provisions of relevant employment law and its own Equal Opportunities, Recruitment and Redeployment Policies as approved by Council.

16.3 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.

16.4 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

17.0 Approval of Salary Packages in Excess of £100k

17.1 The Council will ensure that, at the latest before an offer of appointment is made, any salary package for any post that is in excess of £100k will be considered by full Council. The salary package will be defined as base salary, any bonuses, fees, routinely payable allowances and benefits in kind that are due under the contract.

18.0 Contracts of Employment

18.1 It is the Council's policy to engage all of its permanent employees on standard contracts of employment and to apply Pay As You Earn (PAYE) taxation arrangements to all remuneration under those contracts in accordance with Her Majesty's Revenue and Customs (HMRC) rules.

18.2 Where consultants are recruited the council will seek to avoid contractual arrangement which could be perceived as being primarily designed to reduce significantly the rate of tax paid by that person, such as paying the individual through a company effectively controlled by him or her.

19.0 Pension Contributions

- 19.1 Where employees have exercised their statutory right to become members of the Local Government Pension Scheme, the Council is required to make a contribution to the scheme representing a percentage of the pensionable remuneration due under the contract of employment of that employee. The rate of contribution is set by Actuaries advising the Lancashire County Government Pension Fund and reviewed on a triennial basis in order to ensure the scheme is appropriately funded
- 19.2 The current Employer contribution rate set at 1 April 2014 is = 13%
- 19.3 The Employee contribution rate effective from 1 April 2014 is based on salary as detailed below:

Salary (Full Time)	Contribution Rate
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%
Over- £151,800	12.5%

The above data is correct as at 1 February 2016

20.0 Overtime Rate

- 20.1 Overtime rates in operation at the Council are defined by the National Joint Council for Local Government, National Agreement on Terms and Conditions of Service (NJC Green Book), the Joint Negotiating Committee for Local Authority Craft & Associated Employees (JNC Redbook), Terms and Conditions of Service and locally agreed arrangements. The arrangements are set out in the Council's Standby Callout and Overtime Policy.

21.0 Sick Pay

- 21.1 The arrangements for sick pay entitlement at the Council are in accordance with the National Joint Council for Local Government, National Agreement on Terms and Conditions of Service (NJC Green Book), the Joint Negotiating Committee for Local Authority Craft & Associated Employees (JNC Redbook) Terms and Conditions of Service.

22.0 Payments on Termination

22.1 The Councils approach to statutory and discretionary payments on termination of employment of Chief Officers, prior to reaching normal retirement age, is set out within its policy statement and in accordance with:

- Local Government (Early Termination of Employment Discretionary Compensation) (England and Wales) Regulations 2006.
- Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007.
- Local Government Pension Scheme (Admin) Regulations 2008 (regulation 66).
- The Local Government Pension Scheme Regulations 2013.
- The Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014.

22.2 The policy applied equally to all permanent employees regardless of their grade is set out in the Council's Early Termination of Employment Policy.

23.0 Pay and Grading Review

23.1 Any review of the Council's pay and grading structure, will form the basis of consultation with the workforce and recognised trade unions. The aim of the consultation process being to secure a collective agreement on any changes to the current structure that may be proposed.

24.0 Re- Employment with Lancaster City Council

24.1 An employee who is dismissed on redundancy grounds, and received a voluntary (enhanced) redundancy payment, may be considered for re-employment to posts within the Council subject to the arrangements within the Council's Early Termination of Employment Policy (Summarised in [Appendix B](#)).

25.0 Accountability and Decision Making

25.1 In accordance with the Constitution of the Council, the Personnel Committee is responsible for decision making in relation to the recruitment, pay, terms and conditions and severance arrangements in relation to employees of the Council.

26.0 Amendments to the Policy

26.1 As the policy statement covers the period 1 April 2016 to 31 March 2017, amendments may need to be made throughout the relevant period. As the Localism Act 2011 requires that any amendments are approved by the Council by resolution, proposed amendments will be reported to the Personnel Committee for recommendation to Full Council.

27.0 Policy for Future Years

27.1 This policy statement will be reviewed each year and will be presented to full Council each year for consideration in order to ensure that a policy is in place for the Council prior to the start of each financial year.