

## **Pay Policy Statement 2018 - 2019**

**26 September 2018**

### **Report of the Chief Executive**

#### **PURPOSE OF REPORT**

To enable Council to approve the revised Pay Policy Statement for 2018 – 2019 for approval by Council, as required by the Localism Act 2011.

**This report is public**

#### **RECOMMENDATIONS**

- (1) That Council approves the revised Pay Policy Statement for 2018 – 2019, to take effect from 1<sup>st</sup> January 2019.**

##### **1.0 Introduction**

- 1.1 Section 38 of the Localism Act 2011 places a requirement on local authorities to publish a Pay Policy Statement by the 31st March in each year. The Statement for the year 2018 – 19 was approved by Council in February 2018, however changes to the Council's structure at Chief Officer level, as agreed by Council in July 2018, must be reflected in the Pay Policy Statement. This revised Statement must be approved by resolution of Council, and this function may not be delegated. The Statement sets out the Council's arrangements relating to:

- the remuneration of its Chief Officers;
- the remuneration of its lowest-paid employees, and
- the relationship between the remuneration of its Chief Officers and the remuneration of its employees who are not Chief Officers.

- 1.2 Chief Officers within this Council have been defined as the Chief Executive, the Assistant Chief Executive, three Directors and two Deputy Directors. However, the definition in the Localism Act 2011 is wide enough to cover those reporting directly to these officers, and this is covered within the Pay Policy Statement. The Pay Policy Statement should be read in conjunction with the arrangements for other aspects of Chief Officer Remuneration and Lancaster City Council's Pay and Grading Structure, 1 April 2018, which are appended to the report.
- 1.3 The draft revised Pay Policy Statement has been prepared in accordance with the requirements of the Localism Act 2011, and having regard to the guidance issued by the Department for Communities and Local Government (DCLG) under Section 40 of the Act.
- 1.4 During the course of the year, if the authority makes any determination relating to the remuneration or any other terms and conditions of a Chief Officer, it must comply with its Pay Policy Statement.
- 1.5 It is recommended that the revised Pay Policy Statement be effective from 1<sup>st</sup> January 2019, when it is expected newly appointed Directors will be in post.

## **2.0 Proposal Details**

- 2.1 On 18<sup>th</sup> September 2018, Personnel Committee considered the revised statement and recommended that it was taken forward for approval by Council. Council is now asked to approve the revised Pay Policy Statement.

## **3.0 Details of Consultation**

- 3.1 There has been no consultation, but in preparing the revised Statement, regard has been had to government guidance and to advice given by North West Employers.

## **4.0 Options and Options Analysis (including risk assessment)**

- 4.1 In order to comply with the Localism Act 2011, it is necessary for Council to approve a Pay Policy Statement. The attached draft document has been prepared by officers in order to comply with the statutory requirements.

## **5.0 Conclusion**

- 5.1 Council is requested to approve the revised Pay Policy Statement for 2018-19.

<b>CONCLUSION OF IMPACT ASSESSMENT</b> <b>(including Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing)</b> None directly arising from this report.
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<b>LEGAL IMPLICATIONS</b>
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There are no legal implications.
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<b>FINANCIAL IMPLICATIONS</b>
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There are no financial implications arising from approval of the revised Pay Policy Statement. Salaries and payments within the statement have previously been agreed at full Council, and budget provision has made in accordance with previous agreements.
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<b>OTHER RESOURCE IMPLICATIONS</b>
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Open Spaces, ICT, Property: None
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<b>Human Resources,</b>
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The Pay Policy Statement 2018 - 2019 has been prepared by the HR Manager.
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<b>DEPUTY SECTION 151 OFFICER'S COMMENTS</b>
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The Deputy section 151 Officer has been consulted and has no further comments.
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<b>DEPUTY MONITORING OFFICER'S COMMENTS</b>
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The Deputy Monitoring Officer has been consulted and her comments incorporated.
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<b>BACKGROUND PAPERS</b>	<b>Contact Officer:</b> Dave Rigby <b>Telephone:</b> 01524 582180 <b>E-mail:</b> darigby@lancaster.gov.uk <b>Ref:</b>
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None
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## **Lancaster City Council Pay Policy Statement 2018-19**

**Effective from 1<sup>st</sup> January 2019**

### **1. Introduction and Purpose**

- 1.1 In accordance with the requirements of Section 38 of the Localism Act 2011, this Pay Policy statement has been produced to reflect the Council's approach to pay policy for the year 2018/19.
- 1.2 This statement sets out the Council's policies in relation to the remuneration of our Chief Officers and all other employees. It also clarifies the relationship between Chief Officer remuneration and the remuneration of our lowest paid employees.
- 1.3 The purpose of this statement is to demonstrate transparency with regards to setting the pay of Council employees.

### **2. Setting Terms and Conditions**

- 2.1 The Council's Chief Officers, including the Chief Executive, are employed under the nationally agreed JNC terms and conditions. All other employees are employed under the nationally agreed NJC terms and conditions.
- 2.2 Pay increases relating to cost of living are agreed nationally by the NJC and JNC negotiating bodies.

### **3. Definitions of Chief Officers within Lancaster City Council**

- 3.1 Chief Officers within this Council are currently defined as the Chief Executive, the Assistant Chief Executive, and:
  - Director for Economic Growth and Regeneration
  - Director for Communities and the Environment
  - Director of Corporate Services
  - Deputy Directors for Communities and the Environment
- 3.2 In addition to the above, the Council has a number of posts which may fall into the wider external definition of Chief Officer posts via reporting lines, although they are not designated as such within this Council. These other posts are as follows
  - Business Support Manager
  - Commercial Centre Manager
  - Council housing Building Programme Manager
  - Democratic Services Manager
  - Economic Development Manager
  - Head of Finance & S151
  - HR Manager
  - ICT Manager
  - Internal Audit Manager (\*\*under review)
  - Principal Housing Manager
  - Private Sector Housing Manager
  - Public Protection Group Manager
  - Operations Manager- Public Realm
  - Regeneration Manager
  - Repairs and Maintenance Manager
  - Senior Property Officer
  - Sports and Leisure Manager
  - Waste & Recycling Manager

- Head of Legal Services & Monitoring Officer
- Planning Manager

3.3 All of the posts named at 3.2 above fall into a pay grade which currently has a maximum pay point below £50,000. The terms of service for these posts are governed by the National Joint Council for Local Government National Agreement on Terms and Conditions of Service (the NJC Green Book).

3.4 The Head of Legal Services & Monitoring Officer post, and the Head of Finance and S151 Officer post both attract annual allowances of £6,000 to reflect the additional responsibility the statutory roles bring.

#### **4. Remuneration of the Chief Executive**

4.1 The post of Chief Executive (which also acts as Head of Paid Service) is paid on a fixed salary of £111,334 as at 1 April. The post holder also acts as the Returning Officer for which additional fees are payable in relation to specific election based activities.

#### **5. Remuneration of other Chief Officers**

5.1 The Council has established a new salary structure applicable to the 3 Director roles and the Assistant Chief Executive role, within a band which starts from £80,000 up to a maximum of £88,000, with the band maximum being set at 10% higher than the minimum. Chief Officers will move up the band through incremental progression, linked to the achievement of objectives, following approval from Personnel Committee.

Deputy Directors are paid within a band which starts at £65,000 and has a maximum of £71,500, which again provides for 10% progression. Deputy Directors will move up the band through incremental progression, linked to the achievement of objectives, following approval from Personnel Committee.

Incremental progression for Chief Officer level roles will commence only on 1<sup>st</sup> April 2020, at the end of the first full financial year of the roles being in place.

#### **6. Policy on Other Aspects of Chief Officer Remuneration**

6.1 Aside from 'pay' there are other aspects of Chief Officer Remuneration which are outlined below:

6.1.1 **Travel and other expenses:** reimbursed through normal Council policies and procedures in the same way for all staff.

6.1.2 **Bonuses:** The terms of employment do not provide for the payment of any bonuses.

6.1.3 **Performance Related Pay:** There is an element of performance related pay applicable only to Chief Officers, in the form of incremental progression.

6.1.4 **Honoraria:** Honoraria payments do not apply to Chief Officer posts.

6.1.5 **Severance arrangements (for Chief Officers ceasing to hold office):**

The Council's normal policies in relation to redundancy and early retirement apply to these posts, in line with relevant regulations. Arrangements are the same for all employees of the Council.

Any payments falling outside the provisions above or the relevant periods of notice within the contract of employment shall be subject to formal decision made by Personnel Committee.

- 6.2 There are no provisions for any other increases or additions to Chief Officer remuneration, other than as outlined in this policy.

## **7. Returning Officer Fees**

- 7.1 Fees for Returning Officers 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 election duties as and when they arise, they are distinct from the process for the determination of pay for Chief Officers.

## **8 Other Chief Officer Conditions of Service**

- 8.1 The other terms and conditions of service are set out in the relevant conditions of service handbooks, as follows:

**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

## **9. Pension Contributions**

- 9.1 For all employees, including Chief Officers, where employees have exercised their right to be a member of the Local Government Pension Scheme, the Council will make contributions to the Pension Fund in line with the Employer contribution rates determined by the Actuary.

## **10. Recruitment of Chief Officers**

- 10.1 The Council's policy and procedures in relation to the recruitment of Chief Officers is set out within the Council's Constitution.
- 10.2 When recruiting for all posts, the Council will take full and proper account of all provisions of employment legislation and its own agreed policies.
- 10.3 The remuneration 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. New appointments for staff up to and including Chief Officers are normally made at the minimum of the grade for the post, although this can be varied if necessary to ensure the best candidate can be appointed.
- 10.4 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' (rather than them being direct employees of the Council). These will be sourced through a relevant recruitment process, under relevant Officer delegations, ensuring the Council is able to demonstrate the maximum value for money from securing the service.

## **11. Approval of Salary Packages in Excess of £100K**

- 11.1 Before any offer of appointment is made, the Council will ensure that salary packages in excess of £100,000 will be considered by full Council. This salary package will be defined as base salary, bonuses, fees, routinely payable allowances and any benefits in kind which are due under the contract.

## **12. Re- Employment of Former Chief Officers**

- 12.1 Former Chief Officers who were in receipt of redundancy or other severance payments may only be considered for re-employment with the Council (which includes engagement through a contract for services) after a period of 12 months has elapsed since their termination date.

## **13. Publication and Access to Information regarding Chief Officer Remuneration**

- 13.1 Upon approval by Council, the Pay Policy Statement will be published on the Council's website. In addition, relevant information will be reported in the Council's annual Statement of Accounts.

## **14. Payment of Lower Paid Employees within the Council**

- 14.1 The Council uses the NJC negotiated pay spine (i.e. a nationally agreed and defined list of salary points) as the basis for its local pay structure, which determines the salaries for the large majority of its workforce.
- 14.2 The Council operates a Job Evaluation Scheme to determine the pay grade for posts below Chief Officer level, and uses the Greater London Provincial Councils (GLPC) scheme.
- 14.3 The Council ensures that all staff (aside from Apprentices) are paid at least the 'Real Living Wage' rate. Spinal Column Point (SCP) 10 automatically defaults to the Living Wage on 01 April each year and the Council uses this to define its 'lowest paid' employees.
- 14.4 Where the Council experiences a difficulty in recruiting or retaining staff to a particular post, a temporary market supplement may be applied to the salary grade in accordance with the Council's Market Supplement Policy.
- 14.5 The Council employs Apprentices who are not considered within the definition of 'lowest paid employees'. They are paid under the separate Apprentice Pay Rates, the highest of which equates to the real Living Wage rate.
- 14.6 The Council does not have a policy on maintaining a specific pay ratio between its Chief Officers and its lowest paid staff, although it is conscious of the need to ensure that Chief Officer salaries are not excessive.
- 14.7 The pay levels from 1 April 2018 within the Council define the multiple between the median full time equivalent earnings and:
- the Chief Executive as 1:5.3
  - the 5 Chief Officers as 1:3.2
- 14.8 The pay levels from 1 April 2018 within the Council define the multiple between the lowest earnings and
- the Chief Executive as 1:6.6
  - the 5 Chief Officers as 1:4.0

## **15. Pension Contributions**

- 15.1 Where employees have exercised their right to join the Local Government Pension Scheme, the Council agrees to contribute to the Scheme at rates set by Actuaries.

## **16. Payments on Termination**

- 16.1 The Council's approach to statutory and discretionary payments on termination of employment of Chief Officers, prior to retirement, 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.

## **17. Changes to Pay Policy**

- 17.1 Should any amendments be required to this policy during the year, then matters will be reported to the Personnel Committee for consideration, for subsequent referral to Council.

## **18. Accountability and Decision Making**

- 18.1 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.