

## LOCALISM ACT 2011 – PAY POLICY STATEMENT

**EXECUTIVE MEMBER:** Cllr J W Bowman  
**LEAD OFFICER:** Darienne Law, Head of Corporate Resources  
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**Summary:** The Council is required by Section 38(1) of the Localism Act 2011 to publish a Pay Policy Statement articulating its policies towards a range of issues relating to the pay of the workforce, particularly its senior staff (“Chief Officers”) and its lowest paid employees. This report updates the Policy in line with structural changes and guidance from Department for Communities and Local Government.

<b>Recommendation:</b> Council is recommended to approve the Council’s Pay Policy Statement for 2013/14
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### 1. INTRODUCTION

Chapter 8 of the Localism Act 2011 sets out the minimum statutory requirements for Councils with regard to openness and accountability in local pay. The Council is required by Section 38(1) of the Act to publish a Pay Policy Statement. In preparing its Statement, the Council must have regard to the guidance which has been issued under Section 40 of the Act and the Department for Communities and Local Government Supplementary Guidance February 2013.

The North West Employers Organisation provided helpful guidance for its member authorities in order to facilitate a degree of consistency in the style, format and content of statements published by councils in the North West in 2012. This guidance still stands unchanged.

There is a requirement to review the Pay Policy Statement at least annually for approval by Full Council and published by 31 March 2013.

The Statement has been reviewed and taking account of the deletion of the Director of Resources and Transformation, and is recommended for approval by Full Council, as required by the legislation.

The Chair of the Personnel Panel has approved that this report be taken to Council without the need for a full Panel review as the changes are minor.

### 2. CONCLUSIONS

Full Council is requested to adopt the Pay Policy Statement for 2013/14, so that the Statement can be published by 31 March.

## **5. STATUTORY OFFICER COMMENTS**

- 5.1 The Monitoring Officer's comments are: The publication of a Pay Policy Statement is a requirement of the Localism Act 2011.
  
- 5.2 The Section 151 Officer's comments are: The Council's approach to paying its workforce has obvious financial significance. The annual production and review of its pay policy will enable it to ensure openness and transparency in relation to its paybill costs, and on-going review of this important element of its cost base.
  
- 5.3 Policy Framework Comment: As referred to within the report, the Pay Policy Statement is a statutory policy requirement which aims to present openness and accountability in local pay. The Pay Policy Statement forms a part of the Corporate Policy Framework
  
- 5.4 Other consultee comments, if any: Not applicable

Appendix A Pay Policy Statement

### **Background Papers:**

Localism Act 2011

DCLG Supplementary Guidance Feb 13



# Pay Policy Statement 2013/14

## Introduction and Purpose

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 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.
2. 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 the 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(s)/Panel 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. Once approved by the full Council, this policy statement will come into immediate effect and will be subject to review on a minimum of an annual basis, the policy for the next financial year being approved by 31st March each year.

## Other legislation relevant to pay and remuneration

4. 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. This includes the use of job evaluation processes, which directly establish the relative pay levels of posts according to the requirements, demands and responsibilities of the role.

## **Pay Structure**

5. In setting the pay of the majority of its employees who are subject to the National Agreement on Pay & Conditions of Service of the National Joint Council for Local Government Services (NJC), the Council uses the nationally negotiated pay spine (a defined list of salary points) as the basis for its local pay structure, [*insert link to Pay Spine*], together with the use of locally determined rates where these do not apply.
6. 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 trades unions.
7. 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. Allowances for such things as relocation, business travel and subsistence play a part in supporting the Council's ability to recruit and retain quality staff. The Car Allowance Scheme was reviewed and reduced in cost in 2011/12. The Council will undertake a review of other allowances as part of a wider review of terms and conditions of employment in 2012/13.
8. 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 funds, 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.
9. Where grades with pay scales are used, new appointments will normally be made at the minimum of the relevant scale for the grade, although this can be varied where necessary to reflect the circumstances of the selected candidate.
10. 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 comparison 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.
11. Any temporary supplement to the salary scale for the grade is approved in accordance with the Council's Market Factor Supplement Policy [*Insert link to Policy*].

## **Senior Management Remuneration**

12. For the purposes of this statement, senior management means the Chief Executive and Head of Paid Service whose terms and conditions of employment are governed by the national Joint Negotiating Committee for Local Authority Chief Executives, together with those employees (Director and Heads of Service) employed as 'Chief Officers' whose terms and conditions of employment are governed by the national Joint Negotiating Committee for Chief Officers of Local Authorities (J.N.C.). The posts falling within these definitions are set out below, with details of their salary as at 1<sup>st</sup> April 2012:

### **Chief Executive**

The current salary of the post is a "spot salary" of £110,000 per annum, with no incremental progression, exclusive of any payment for returning officer duties.

### **Director**

The current salary of the post designated as Corporate Directors is a "spot salary" of £75,000 per annum, with no incremental progression.

### **Heads of Service**

The current salary of the five posts designated as Head of Service is a "spot salary" of £52,591 per annum, with no incremental progression.

13. Employees who report directly to a Chief Officer (and are therefore designated as a Deputy Chief Officer under section 2(8) of the Local Government and Housing Act 1989) are not Chief Officers or senior managers for the purposes of this statement.
14. Where the Council is unable to recruit senior managers, or there is a need for interim support to provide cover for a substantive senior management 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 the individuals concerned. The Council does not currently have any senior managers engaged under such arrangements.

## **Recruitment of Chief Executive and Chief Officers**

15. The Council's policy and procedures with regard to recruitment of its Chief Executive and Chief Officers is set out within the Officer Appointment Procedure Rules in Chapter 12 of the Constitution [\[Insert link\]](#). Posts over £100,000 will be the subject of a report to Full Council.
16. When recruiting to all posts the Council will take full and proper account of all provisions of relevant employment law and its own policies, as approved.
17. 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.
18. The salary of the Chief Executive was set by the Council's Personnel Panel, which acts as the Remuneration Committee for the post, in April 2010, taking into account comparative salary data from research provided by the North West Employers Organisation.
19. A review of the salaries of Chief Officers (Corporate Directors and Heads of Service) took place in 2004 as part of an organisational restructure at that time which included comparative market data provided by SOLACE Enterprises. At that time, the Chief Officers were placed on a salary scale. Scales were adjusted to reflect nationally negotiated cost-of-living pay awards from 2005 to 2008. There have been no national awards since 1 April 2008. In 2010, the salaries of Chief Officers were made "spot salaries" based on the maximum of the scale which had applied from 2008, and which was the current salary of those in-house candidates appointed at the time of the change.
20. During the Council's Review of Senior Management in 2010/11, account was taken of regional salary comparisons, and salary levels were set accordingly.

#### **Additions to Salary of Chief Officers**

21. Subject to satisfactory performance, which is assessed on an annual basis, the level of remuneration is not variable dependent upon the achievement of defined targets.
22. To meet specific operational requirements it may be necessary for an individual to temporarily take on additional duties to their identified role. The Council's arrangements for authorising any additional remuneration (e.g. "Acting-up" and honorarium payments) relating to temporary additional duties are set out in the relevant policy.

23. In addition to basic salary, the following posts receive additional payments as set out below:

### **Chief Executive**

- i. An all-inclusive annual car allowance of £5,000, payable in monthly instalments, is paid. This allowance covers all aspects of the use of his own vehicle for business purposes – cost of fuel, wear and tear, depreciation etc. He is required to ensure that his vehicle is covered by appropriate insurance for business use. No other payments are made in respect of the Chief Executives business travel in his own car.
- ii. A relocation allowance, to a maximum of £10,000.
- iii. Fee payments pursuant to his appointment as Returning Officer at elections. The fees paid in respect of Parish, District and County Council elections are paid by the District and County Council respectively and are calculated by reference to the number of contested and uncontested wards at each election. Fees for Parish Council elections are calculated on a similar basis and are recharged to each parish council. Fee payments for national and European elections are set by central government and are, in effect, not paid by the Council, as the fees are reclaimed. The fee for the Returning Officer therefore varies at each election.

Separate payments are made to the members of staff who act as Deputy Returning Officers and other members of staff who work as part of the elections team, and are commensurate with time spent undertaking election duties.

### **Head of Corporate Resources**

- i. A 10% salary supplement of £5259 per annum is paid in recognition of the Head of Corporate Resource's role as "Section 151 Officer" of the Council. The Section 151 Officer is responsible under Section 151 of the Local Government Act 1972 for the proper administration of the Council's financial affairs, and, under section 113 of the Local Government Finance Act 1988, is required to be a member of a specified accountancy body.
24. Chief Officers are subject to the Council's Car Allowance Scheme in relation to their use of their own private vehicles on Council business. No Chief Officer is currently designated as an Essential Car User under the Scheme. Casual users are paid the HMRC

approved rate of 45p per mile for mileage travelled in their own vehicle on Council business.

### **Pension Contributions**

25. 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 Cumbria Pension Fund and reviewed on a triennial basis in order to ensure the scheme is appropriately funded. The employer's contribution rate, with effect from 1 April 2013 is 20.1%.

The table below sets out the contribution bands which determine the employees' pension contributions, effective from 1 April 2013. These are based on the contribution bands for 2012/13 as increased by the September 2012 Consumer Prices Index figure of 2.2%.

<b>Band</b>	<b>Whole-time equivalent pay range</b>	<b>Employee contribution rate (%)</b>
1	Up to £13,700	5.5
2	£13,701 to £16,100	5.8
3	£16,101 to £20,800	5.9
4	£20,801 to £34,700	6.5
5	£34,701 to £46,500	6.8
6	£46,501 to £87,100	7.2
7	More than £87,100	7.5

### **Payments on Termination**

26. 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 Change Management Policy [*insert link*], in accordance with Regulations 5 and 6 of the Local Government (Early Termination of Employment)(Discretionary Compensation) Regulations 2006 and Regulation 12 of the Local Government Pension Scheme (Benefits, Membership and Contribution) Regulations 2007.
27. Any severance package over £100,000 will be the subject of a report to Full Council. This will clearly set out the components of the package including salary paid in lieu, redundancy compensation, pension entitlements, holiday pay and bonuses, fees or allowances paid.

### **Lowest Paid Employees**



28. The Council has adopted the Living Wage. The UK Living Wage for outside of London is currently £7.45 per hour. The figure is set annually by the Centre for Research in Social Policy at Loughborough University. From November 2012 the Living Wage figure will be announced annually in November of each year, the authority will ensure that this is implemented with effect from the following 1 April annually.
29. As at 1 March 2013, the lowest salary actually being paid is £12,787 per annum. However the Council will adopt the Living Wage for its employees below £7.45 per hour on the 1<sup>st</sup> April 2013. Therefore the lowest salary to be paid for a full time employee will be £14.333
30. The relationship between the rate of pay for the lowest paid employee(s) and chief officers is determined by the processes used for determining pay and grading structures as set out earlier in this policy statement.
31. The lowest salary which in comparison with the salary of the Chief Executive is a ratio of 1:7.67.
32. 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 as appropriate.
33. When comparing the salaries of Chief Officers and other employees, it should be noted that the Chief Executive and Chief Officers have a notional working week of 37 hours but are required by their contract of employment to work without additional pay for additional hours according to the needs of the Council and the role, including evening and weekend working where required. Those employees (the majority) employed under the Agreement on Pay & Conditions of Service of the National Joint Council for Local Government Services have a contractual working week of 37 hours but do not have the same contractual conditions as Chief Officers in respect of additional working hours, and are entitled in appropriate circumstances to additional payments for overtime or time off in lieu.

### **Accountability and Decision Making**

34. In accordance with the Constitution of the Council, the Personnel Panel makes recommendations to the Executive which is responsible for decisions in relation to the recruitment, pay, terms and conditions and severance arrangements in relation to employees of the Council.

### **Re-employment / Re-engagement of former Chief Officers**

35. The Council will not normally employ, or engage under a contract for services, chief officers who have previously received a redundancy or severance payment or who are in

receipt of a pension under the Local Government Pension Scheme.

### **Pay practices in relation to external contractors commissioned to deliver services**

36. The Council expects and encourages external contractors commissioned to work on behalf of the Council to Authorities to ensure that there is no pay discrimination in their approach to remuneration of their employees and that they comply with all relevant employment legislation . The Council does not currently have any shared senior management arrangements in place.

### **Publication**

37. The Council will publish this pay policy statement on its website at [www.copeland.gov.uk](http://www.copeland.gov.uk) as soon as is reasonably practicable after it has been approved by the Council. Any subsequent amendments to this pay policy statement made during the financial year to which it relates will also be similarly published.

Final version to Full Council 29 March 2013