

**NORTH LINCOLNSHIRE COUNCIL**

**COUNCIL**

**IMPLEMENTATION OF THE 2019/2020 PAY POLICY STATEMENT**

**1 OBJECT AND KEY POINTS IN THIS REPORT**

- 1.1 To outline and seek approval for the council's proposed Pay Policy Statement for 2019/2020, in accordance with section 38 of the Localism Act 2011.

**2 BACKGROUND INFORMATION**

- 2.1 The council is required by the Localism Act 2011 (the Act) to prepare an annual Pay Policy Statement. The statement must articulate a council's own policy on a range of issues relating to the pay of its workforce, particularly its senior staff (or 'chief officers') and its lowest paid employees. Pay policy statements must be prepared for each financial year, and must be approved annually by Full Council.
- 2.2 Councils retain the autonomy to make decisions on pay that are appropriate to local circumstances. The provisions of the Act do however require individual councils to be more open about their policies in relation to pay and how decisions are made in this regard.
- 2.3 In summary, the Act requires that authorities include in their Pay Policy Statements:
- The approach taken to awarding other elements of pay including severance payments, any additional fees e.g. pay increases, honoraria payments etc.
  - The approach to the publication of and access to information relating to the remuneration of Chief Officers.
  - The organisation's pay multiple. The 'pay multiple' is the ratio between the highest paid employee and the median average earnings across the council which acts as a means of illustrating the relationship between the highest and lowest paid.
- 2.4 There have been no changes to the approach to pay and reward in the last financial year. The ratio between the highest paid salary in the council and the average median salary has reduced from 7.8:1 to 7.7:1.

- 2.5 The Government published the Local Government Transparency Code (2015) to ensure that transparency is the foundation of local accountability and to place more power in citizens' hands. The code sets out the minimum data that local authorities should be publishing, the frequency it should be published and how it should be published. The council's datasets can be viewed by searching for 'Open data' at [www.northlincs.gov.uk](http://www.northlincs.gov.uk)

### **3 OPTIONS FOR CONSIDERATION**

- 3.1 To consider and accept the proposed Pay Policy Statement for 2019/2020.
- 3.2 To reject the Pay Policy Statement for 2019/2020.
- 3.3 To make recommendations to extend the provisions of the proposed Pay Policy Statement 2019/2020 beyond the minimum statutory requirements.

### **4 ANALYSIS OF OPTIONS**

- 4.1 The proposed Pay Policy Statement meets the requirements of the Act. Where possible it cross references other council policies on pay and terms and conditions of employment all of which are accessible on the council's website.
- 4.2 Whilst all of the council's Human Resources (HR) policies are published on the website for public access, the Act sets out in detail the specific minimum elements which the Pay Policy Statement must include. Not agreeing and publishing a Pay Policy statement for Chief Officers would mean that the council has failed to meet a statutory obligation.
- 4.3 Given that Pay Policy statements must be published by 1 April each year following consideration by an open meeting of full council, a decision on its content has to take place at this meeting. Recommending changes to the proposed Pay Policy statement and the council's existing pay strategy would necessitate significant consultation and would mean the council is unlikely to meet its statutory obligations in this area.

## **5 RESOURCE IMPLICATIONS (FINANCIAL, STAFFING, PROPERTY, IT)**

### **5.1 Financial**

There are no direct financial implications.

### **5.2 Staffing**

There are no direct staffing implications. The Pay Policy Statement for 2019/2020 reflects the council's existing practice on pay for Chief Officers.

### **5.3 Property**

None.

### **5.4 IT**

A copy of the council's Pay Policy Statement for 2019/2020 will be published on the council's website.

## **6. OUTCOMES OF INTEGRATED IMPACT ASSESSMENT (IF APPLICABLE)**

6.1 The council's Pay Policy Statement complies fully with the minimum requirements of section 38 of the Localism Act 2011.

## **7. OUTCOMES OF CONSULTATION AND CONFLICTS OF INTEREST DECLARED**

7.1 The trade unions have been informed of the change to the pay multiple and will be provided with a copy of the council's Pay Policy Statement for 2019/2020.

## **8 RECOMMENDATIONS**

8.1 That the proposed Pay Policy Statement for 2019/2020 be approved and adopted.

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### **1.0 Introduction**

- 1.1 Sections 38 – 43 of the Localism Act 2011 (the Act) require that the council produce a policy statement that covers a number of matters concerning the pay of the council's employees, principally Chief Officers. This policy statement meets the requirements of the Act in this regard and also meets the requirements of guidance issued by the Secretary of State for Communities and Local Government to which the council is required to have regard under Section 40 of the Act.
- 1.2 This policy was considered and approved by the Full Council at the meeting which took place on 28 February 2019.
- 1.3 This policy also has some connection with the data on pay and rewards for employees which the council publishes under the Local Government Transparency Code (2015) and the data which is published under The Accounts and Audit (England) Regulations (2015).
- 1.4 It should be noted that the requirements to publish data under the Secretary of State's guidance, the Transparency Code and the Regulations do differ, the data requirements of the Transparency Code and the Accounts and Audit Regulations are summarised at section 11.0 of this document.
- 1.5 This policy statement does not cover or include school employees and is not required to do so.

### **2.0 Definition of officers covered by the policy statement**

- 2.1 This policy statement covers the following posts:
1. Head of the Paid Service, which in this council is the post of:
    - Chief Executive
  2. Chief Officers, which in this council is the post of:
    - Deputy Chief Executive

3. Deputy Chief Officers, which in this council are the posts of:
- Director of Children and Community Resilience
  - Director of Adults and Community Wellbeing
  - Director of Learning, Skills and Culture
  - Director of Public Health
  - Director of Governance and Partnerships
  - Director of Business Development
  - Director of Operations

### **3.0 Remunerating chief officers**

3.1 The council's current arrangements for the remuneration of chief officers are set out on the council's website. It is the policy of this council to establish a remuneration package for each chief officer post that is sufficient to attract and retain employees of the appropriate skills, knowledge, experience, abilities and qualities, consistent with the council's requirements of the post at that time.

3.2 Grading of jobs is determined by the use of the council's job evaluation schemes to ensure that they are fair and non-discriminatory, comply with equal pay legislation and associated codes of best practice.

### **4.0 Remunerating the lowest paid in the workforce**

4.1 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.

4.2 The lowest pay point in this council is Grade 1, point 6. This equates to an annual salary of £16,239, an hourly rate of pay of £8.42. This pay point and salary is part of a pay scale for employees employed on National Joint Council (NJC) for Local Government Service terms and conditions but was subject to a one year, one per cent pay freeze locally in 2016/2017. These rates are effective from 1 April 2018 to

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31 March 2019. The pay rate is increased in accordance with any percentage increases which are reached through the NJC for Local Government Services.

### **5.0 Relationship between chief officer remuneration and that of other employees**

5.1 The highest paid salary in this council is £148,349 per annum which is paid to the Chief Executive.

5.2 The average median salary (as at 29 January 2019) in this council is £19,253 per annum.

5.3 The ratio between the highest paid salary and the average median salary in the council (not including schools), the 'pay multiple', is 7.7:1. 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.

5.4 The council's approach to the payment of employees is to pay that needed to recruit and retain employees with the skills, knowledge, experience, abilities and qualities needed for the post at that time. In addition the council will ensure it meets any contractual requirements for employees including the application of any local or national collective agreements, or council decisions regarding pay.

### **6.0 Other aspects of chief officer remuneration**

6.1 Other aspects of chief officer remuneration are appropriate to be covered by 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 addressed in the schedule that is attached to this policy statement at Appendix 1.

### **7.0 Approval of salary packages in excess of £100,000**

7.1 The council will ensure that any salary package for any post (not including schools) that is in excess of £100,000 will be considered by Full Council, at the latest, before an offer of appointment is made. 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.

### **8.0 Flexibility to address recruitment issues for vacant posts**

8.1 In the vast majority of circumstances the provisions of this policy will enable the council to ensure that it can recruit effectively to any vacant post. There may be exceptional circumstances when there are recruitment difficulties for a particular post and where there is evidence that an element or elements of the remuneration package are not sufficient to secure an effective appointment. This policy statement recognises that this situation may arise in exceptional circumstances and therefore a departure from this policy can be implemented without having to seek Full Council approval for a change of the policy statement. Such a departure from this policy will be expressly justified in each case and will be approved through an appropriate council decision making route.

### **9.0 Amendments to the policy**

9.1 It is anticipated that this policy will not need to be amended during the period it covers (1 April 2019 to 31 March 2020). However if circumstances dictate that a change of policy is considered to be appropriate during the year then a revised draft policy will be presented to Full Council for consideration.

### **10.0 Policy for future years**

10.1 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.

### 11.0 Supporting legislation and statutory guidance

11.1 The Local Government Transparency Code (2015) indicates that councils should publish the following data concerning employees:

- Organisation structure (covering staff in the top three levels of the organisation), including grade, job title, department, permanent or temporary, contact details, salary in £5,000 brackets and the salary ceiling.
- Names of trade unions represented in the council, total number of trade union representatives, number of those trade union representatives who devote at least 50% of their time to union duties and a basic estimate of spending on unions as a percentage of the pay bill.
- The 'pay multiple' – the ratio between the highest paid salary and the median average salary of the whole council workforce.

11.2 The Accounts and Audit (England) Regulations (2015) require that the following data is included in the council's accounts:

- Numbers of employees with a salary above £50,000 per annum (pro-rata for part-time employees) in multiples of £5,000.
- Job title, remuneration and employer pension contributions for senior officers. Senior officers are defined as Head of Paid Service, Statutory Chief Officers and Non-Statutory Chief Officers by reference to Section 2 of the 1989 Local Government & Housing Act.
- Names of employees paid over £150,000 per annum.

For the above remuneration is to include:

- Salary, fees or allowances for the current and previous year.
- Bonuses paid or receivable for the current and previous year.
- Expenses paid in the previous year.
- Compensation for loss of employment paid to or receivable, or payments made in connection with loss of employment.
- Total estimated value of non-cash benefits that are emoluments of the person.

For the above pension contributions to include:

- The amount driven by the authority's set employer contribution rate.
- Employer costs incurred relating to any increased membership or award of additional pension.

### **12.0 Public Health transfer**

12.1 With effect from 1 April 2013, NHS primary care trust public health commissioning functions transferred to the council under the Health and Social Care Act 2012.

12.2 NHS employees transferred on the basis of a Transfer Order issued by the Secretary of State on a TUPE (Transfer of Undertakings (Protection of Employment)) like basis. Employees therefore receive protection of NHS terms and conditions in line with the principles of TUPE.

12.3 The remuneration of the posts of Director of Public Health and its direct reports are as set out in the NHS Terms and Conditions of Service Handbook.

12.4 The NHS Job Evaluation Handbook (2010) sets out the basis of job evaluation which underpins the pay system and includes the factor plan, the weighting and scoring document and a guide for matching posts locally.

12.5 Other aspects of chief officer remuneration outlined in Appendix 1 of this pay policy statement may also be different for public health employees. The NHS Terms and Conditions of Service Handbook sets out the detail of other pay related enhancements and payable allowances/expenses including:

- Allowance payable relating to the maintenance of round the clock services (evening, night, weekend, bank holiday and on-call enhancements);
- Overtime payments;
- Recruitment and retention premia (now removed but payments subject to transitional protection arrangements);
- Maternity, adoption and paternity leave and pay;
- Redundancy pay;

- Early retirement provisions;
- Mileage allowances;
- Subsistence allowances (including overnight allowances).

12.6 The NHS Terms and Conditions of Service Handbook can be accessed at:  
<http://www.nhsemployers.org/PayAndContracts/AgendaForChange/Pages/Afc-Homepage.aspx>

12.7 Other terms and conditions not covered in the handbook are determined locally following consultation with employee representatives.

12.8 Employees covered by the NHS Terms and Conditions of Service Handbook are eligible to join the NHS Pension Scheme.

### *Recruitment*

- 1.1 The post will be advertised and appointed to at the appropriate approved salary level for the post in question unless there is good evidence that a successful appointment of a person with the required skills, knowledge, experience, abilities and qualities cannot be made without varying the remuneration package. In such circumstances a variation to the remuneration package is appropriate under the council's policy and any variation will be approved through the appropriate council decision making process.

### *Pay increases*

- 1.2 The council will apply any pay increases that are agreed by relevant national negotiating bodies and/or any pay increases that are agreed through local negotiations. The council will also apply any pay increases that are as a result of council decisions to significantly increase the duties and responsibilities of the post in question beyond the normal flexing of duties and responsibilities that are expected in senior posts. Where a change in the duties of the post are significant a revised job description will be submitted for re-evaluation in accordance with the council's approved job evaluation scheme and Grading policy B.5.
- 1.3 If the evaluation results in a change in grade, the manager will prepare a delegated decision report for consideration by the relevant directors.

### *Additions to pay*

- 1.4 The council would not make additional payments beyond those specified in the contract of employment.

### *Performance related pay*

- 1.5 The council does not operate a performance related pay system as it believes that it has sufficiently strong performance management arrangements in place to ensure

high performance from its senior officers. Any areas of under-performance are addressed rigorously.

### *Earn-back (Withholding an element of base pay related to performance)*

- 1.6 The council does not operate an earn-back pay system as it believes that it has sufficiently strong performance management arrangements in place to ensure high performance from its senior officers. Any areas of under-performance are addressed rigorously.

### *Bonuses*

- 1.7 The council does not pay bonus payments to senior officers.

### *Termination payments*

- 1.8 The council applies its normal redundancy payments arrangements to senior officers and does not have separate provisions for them. The council also applies the appropriate pensions regulations when they apply. The council has agreed policies on how it will apply any discretionary powers it has under pensions regulations. These discretions are set out in the council's Local Government Pension Scheme (LGPS) Discretionary Options and Compensation for Termination of Employment policy A.8a.
- 1.9 Any costs that are incurred by the council regarding senior officers are published in the council accounts as required under the Accounts and Audit (England) Regulations 2015 and can be viewed at [www.northlincs.gov.uk](http://www.northlincs.gov.uk).

### *Transparency*

- 1.10 The council meets its requirements under the Localism Act, the Local Government Transparency Code and the Accounts and Audit Regulations in order to ensure that it is open and transparent regarding senior officer remuneration. Detailed information can be viewed by searching for 'Open data' at [www.northlincs.gov.uk](http://www.northlincs.gov.uk).

*Re-employment of staff in receipt of an LGPS pension or a redundancy/severance payment*

- 1.11 The council is under a statutory duty to appoint on merit and has to ensure that it complies with all appropriate employment and equalities legislation. The council will always seek to appoint the best available candidate to a post, who has the skills, knowledge, experience, abilities and qualities needed for the post. The council will therefore consider all applications from candidates to try to ensure the best available candidate is appointed.
- 1.12 If a candidate is a former employee in receipt of an LGPS pension or a redundancy payment this will not rule them out from being re-employed by the council. Clearly where a former employee left the council on redundancy terms then the old post has been deleted and the individual cannot return to the post as it will not exist. The council will apply the provisions of the Redundancy Payments (Continuity of Employment in Local Government etc.) (Modification) Order 1999 (the 'Modification Order') regarding the recovery of redundancy payments if this is relevant. Pensions regulations also have provisions to reduce pension payments in certain circumstances to those who return to work within the local government service.