



## **PAY POLICY STATEMENT 2019/20**

### **1.0 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 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 detail and level of remuneration of its most senior staff i.e. ‘chief officers’, as defined by the relevant legislation;
- The detail and level of remuneration of the senior managers;
- 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.

### **2.0 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, the Agency Workers Regulations 2010 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.

### **3.0 SCOPE OF THE POLICY**

Legislation requires Pay Policy Statements to provide information relevant to ‘chief officer’ posts as defined in the Localism Act 2011. In South Lakeland District Council the posts classified as chief officers are the Chief Executive and Directors.

This Pay Policy Statement includes Information on the Senior Management Team which consists of the Chief Executive, Directors and Assistant Directors as per the current Senior Management structure (see table for link to Appendix A1). The Council is however undertaking a senior management restructure which, subject to transitional arrangements, will be in place from 1 April 2019 (see table for link to new structure at Appendix A2).

The new structure will operate within 3 tiers, rather than 4 and has been designed to bring greater efficiency in management, creating complementary roles in operational and functional

leadership, promoting stronger, more joined up services and utilising the organisational know how and resources to maximum effect. It is expected that the restructure will make estimated savings of £200,000 for 2019/20.

#### **4.0 ACCOUNTABILITY AND DECISION MAKING**

In accordance with Part 3 of the Constitution of the Council titled Responsibility for Council Functions (see table for link to Appendix B), the Human Resources Committee is responsible for decision making and if appropriate, proposing to Council changes in relation to recruitment, terms and conditions and severance arrangements in relation to employees of the Council.

#### **5.0 PAY STRUCTURE**

##### **5.1 Chief Executive and Directors**

The Chief Executive's pay scale is considered and reviewed each time the post becomes vacant or at the request of the post holder. The salary paid to the Chief Executive is determined locally by the Council. A review of the Chief Executive's salary was undertaken by bench marking the salaries of other district Councils regionally and nationally and the current pay scale was approved by the Human Resources Committee on 18 August 2010.

The Directors' pay scales are reviewed each time there is a proposed senior management restructure or at the request of the post holder/s. The salary paid to Directors is determined locally by the Council. A formal review of the existing Directors salaries was last undertaken in 2005 which involved a bench marking exercise conducted by the North West Employers Organisation. A further salary bench marking exercise was carried out in September 2018 as part of the proposed senior management restructure to be implemented from April 1<sup>st</sup> 2019.

There are no recommendations for changes to the pay scale for the Chief Executive. There is an approved change to the pay scale of the Directors in the new senior management structure.

##### **5.2 Other Employees**

The Council uses the nationally negotiated pay spines as the basis for its local pay structure, which determines the salaries of its workforce excluding Chief Executive and Directors, together with the use of locally determined rates (see table for link to Appendix C).

The Council adopts the national pay bargaining arrangements in respect of the establishment and revision of the national pay spine.

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.

In December 2018, the Human Resources Committee and Full Council considered the implementation of the National Joint Council pay agreement for 2018-20, and approved the introduction of a new pay spine on 1st April 2019.

##### **5.3 Bonus Payments**

The Council does not operate a bonus scheme for any employee.

##### **5.4 Other Pay Related Allowances**

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.

## **5.5 New Appointments**

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 section 9.3.2 of the Recruitment and Selection Policy (see table for link to Appendix D).

## **5.6 Market Supplements**

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.

The Council currently does not apply supplements to posts.

## **5.7 Additional Remuneration**

To meet 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 relating to temporary additional duties are set out in the Acting Up Guidelines (see table for link to Appendix E). Individuals may also receive additional remuneration as detailed in the Exceptional Effort/Merit/Qualification Success Guidelines. (see table for link to Appendix F).

## **6.0 SENIOR MANAGEMENT RECRUITMENT**

The Council's procedures with regard to recruitment of chief officers follows the Officer Employment Procedure Rules in Part 4 of the Constitution (see table for link to Appendix G).

For the expressed purposes of recruiting to the new senior management structure, Council approved a delegation of authority to the Head of Paid Service to take the necessary steps to appoint to those roles with notification of those appointments being reported to a future Council meeting.

When recruiting to all posts the Council will take full and proper account of all provisions of relevant employment law and its own Equality and Diversity, Recruitment & Selection and Redeployment Policies as approved by the Human Resources Committee.

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.

Where the Council is unable to recruit chief officers, 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 such individuals. The Council currently does not have any senior officers engaged under such arrangements.

## **7.0 SENIOR MANAGEMENT REMUNERATION**

The senior management posts are set out below with details of their basic salary as at 1 January 2019, along with details of their basic salary following the Senior Management Restructure from 1 April 2019. The relevant pay scale is reviewed and changes are implemented on 1 April each year:

### **Chief Executive**

The salary falls within a range of five incremental points between £102,522, rising to a maximum of £109,236. The salary package of the post as at January 2019 is £109,236.

The salary package of the post from 1 April 2019 will be £104,572 - £111,421.

The Chief Executives terms and conditions of service are determined by the Joint Negotiating Committee (JNC) for Local Authority Chief Executives.

### **Directors**

The salary package of the existing posts designated as Director falls within a range of five incremental points between £69,891 rising to a maximum of £76,881.

Subject to any requirements for the existing Directors to perform transitional arrangements, from 1 April 2019, their salary package will range from £71,289 to £78,419.

As approved by Council in October 2018, the salary package for Directors appointed to the new senior management structure will be £77,266 pa.

From 1 April 2019, the salary package will be a spot salary of £78,811

The Directors terms and conditions of service are determined by the Joint Negotiating Committee (JNC) for Chief Officers.

### **Assistant Directors**

The salary package of posts designated as Assistant Director falls within a range of four incremental points between £57,677 rising to a maximum of £60,125.

As part of the approved senior management restructure, Assistant Director roles are removed from the establishment from 1<sup>st</sup> April 2019.

Subject to any requirements for the existing Assistant Directors to perform transitional arrangements, from 1 April 2019, their salary package will range from £58,831 to £61,328.

The Assistant Directors terms and conditions of service are determined by the National Joint Council (NJC) for Local Government Services as per all employees under Chief Officer level. The salary level forms part of the Pay and Grading Framework

### **Operational Leads and Lead Specialists**

From April 1<sup>st</sup> 2019, these roles are established through the senior management restructure and together with the Chief Executive and the Directors will form the Extended Leadership Team of the Council.

The salaries for these roles fall within a grades M,N and O of the Council Pay Grades. From April 1<sup>st</sup> 2019:

<b>Grade and number of incremental points</b>	<b>From</b>	<b>To</b>
Grade M – 4 incremental points	£43,662	£46,572
Grade N – 4 incremental points	£47,546	£50,494

Grade O – 4 incremental points	£51,462	£54,669
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The Operational Leads and Lead Specialists terms and conditions of service are determined by the National Joint Council (NJC) for Local Government Services as per all employees under Chief Officer level. The salary level forms part of the Pay and Grading Framework

## 8.0 STATUTORY OFFICER REMUNERATION

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

### Returning Officer

The designation of Returning Officer is made by full Council and currently sits with the Director Policy and Resources however this position will be reviewed following the restructure.

In accordance with the national agreement the Returning Officer 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 position which he or she performs subject to the payment of pension contributions thereon, where appropriate.

In respect of District and Parish Council elections an allowance of £3,327.84 per annum is paid.

Fees for election duties for other elections (County Council, National and European Elections, etc.) are paid as an additional sum at the rate prescribed by government as and when they arise, they are distinct from the process for the determination of pay for Chief Officers.

### Monitoring Officer

The role of Monitoring Officer is currently designated to the Director Policy and Resources (Monitoring Officer). From April 2019, this post will be appointed to the Legal, Governance and Democracy Lead Specialist.

#### *Allowance Paid:*

An additional allowance of XX% of annual salary will be paid to the Legal, Governance and Democracy Lead Specialist. .

### Section 151 Officer

The role of Section 151 Officer is currently designated to the Assistant Director Resources, however from April 2019 this role will be appointed to the Finance Lead Specialist.

#### *Allowance Paid:*

Subject to the performance of any transitional arrangements, the allowance payable to the Assistant Director Resources will be a rate of £11,183. This was based on a rate calculated at 16% of the Chief Officer SCP1 (£69,891 as at 1 April 2018).

From 1 April 2019 the allowance will be paid at the rate of £12,609.76. This will be based on 16% of the Director spot salary as of 1 April 2019.

An additional allowance of XX% of annual salary will be paid to the Finance Lead Specialist.

## 9.0 PENSION CONTRIBUTIONS

Subject to qualifying conditions, employees have a right to belong to 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 proposed rate to be used in the financial year 2019/2020 is 24%.

The employee contribution rates effective from 1 April 2018 (and remain current) are based on actual pensionable pay as detailed in the table below.

<b>Actual Pensionable Pay £</b>	<b>Employee Contribution Rate</b>
Up to 14,100	5.5%
14,101 – 22,000	5.8%
22,001 – 35,700	6.5%
35,701 – 45,200	6.8%
45,201 – 63,100	8.5%
63,101 – 89,400	9.9%
89,401 – 105,200	10.5%
105,201 – 157,800	11.4%
More than 157,801	12.5%

## **10.0 PAYMENTS ON TERMINATION**

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 the Early Retirement Policy (see table for link to appendix H) or the Voluntary Redundancy Policy (see table for link to Appendix I) in accordance with Regulations 5 and 6 of the Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations 2006.

These policies are applied equally to all employees regardless of seniority.

Should there be a need to consider a termination which does not fall within the above policy this would be subject to a formal decision made by the Human Resources Committee.

It is noted that the Government is proposing to introduce a cap on public sector exit payments of £95,000 (including the capital cost of unreduced pension benefits for staff aged 55 or above). The Council's policies will incorporate any changes to legislation.

## **11.0 PAY ANALYSIS**

Calculations in this document are taken using the January payroll data and include all taxable bonuses, allowances and variable pay elements payable. This figure excludes pension benefits.

### **Median Salary**

This calculation is made including all staff within the paid services of the Council, including the Chief Executive. The median salary using the December 2018 payroll was £22,401. This is based on a staffing number of 415 and total remuneration of £7,933,912 (based on all posts at their full-time equivalent rate).

### **Lowest paid Employees**

The lowest paid persons employed under a contract of employment with the Council, are employed on full time (37 hours) equivalent salaries in accordance with the minimum spinal column point currently in use within the Council's grading structure (see table for link to Appendix C). Using the December 2018X payroll data, the lowest paid employee was on a salary of £16,626X per annum (Full Time Equivalent).

The exception to the above are apprentices where they are paid a rate according to their age for the 2 years duration of the apprenticeship. The rates from April 2019 are; under age 18 £4.35 per hour; age 18 to 20 £6.15 per hour and age 21 and over £7.70 per hour. This is above the national apprenticeship rate of pay for year one which is those under age 19 and in the first year of apprenticeship receive £3.90 per hour.

### **Pay Multiple**

The Council uses an established process of defining roles, determining job size and salary levels. This process determines the relationship between the rate of pay for the lowest paid and senior manager post, including chief officers, described as the pay multiple. The Chief Executive's remuneration (including essential car user allowance) as at January 2019 was £110,199 per annum. This provides a ratio of approximately 1:5 when compared with the median salary of £22,401 (actual ratio of 1:4.92).

This is currently within the limits recommended by The Hutton Review of Fair Pay in the Public Sector (2010) and will be monitored and recorded annually.

## **12.0 TRADE UNION FACILITY TIME**

South Lakeland District Council recognise Unison and GMB trade unions for negotiation and consultation purposes and has a Trade Union Time Off & Facilities Policy (see table for link to Appendix J) which outlines guidance for allowing time off to undertake trade union activities.

There are 6 employees who are union representatives. There is currently no union representative who devotes at least 50% of their time to union activity.

So far during the financial year 2018/19 approximately 1.5 days per month paid time off has been given to trade union representatives.

The average salary at the Council is £25,490 (note this is different to the median salary). Based on the average salary the estimate of spending on unions as a percentage of the total pay bill is 0.001%

The median salary at the Council is £22,401. Based on the median salary the estimate of spending on unions as a percentage of the total pay bill is 0.001%.

## **13.0 RE-EMPLOYMENT/RE-ENGAGEMENT OF FORMER CHIEF OFFICERS**

The authority does not re-employ or engage former chief officers under a contract for service.

## **14.0 PUBLICATION OF THE PAY POLICY STATEMENT**

Upon approval by full Council, this statement will be published on the Councils Website and intranet.

For 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 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.

## **15.0 REVIEW**

Once approved by 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 31 March each year.

Amendments may need to be made throughout the relevant period and proposed amendments will be reported to the Human Resources Committee for recommendation to full Council.



## APPENDICES

Appendices are located on the SLDC internet. Please refer to the following URL for access to the following documents: *(Please copy and paste link into the browser to view the document)*

Appendix	Document Type	SLDC Internet link
A	1. Senior Management Team Structure (Please note this structure relates to April 2017 details)  2. New Senior Management Team Structure	<a href="https://www.southlakeland.gov.uk/media/5131/01seniormanagementstructure_july2017.pdf">Appendix A1: https://www.southlakeland.gov.uk/media/5131/01seniormanagementstructure_july2017.pdf</a>  Appendix A2: <a href="http://democracy.southlakeland.gov.uk/documents/s23928/Senior%20Management%20Restructure%20-%20Appendix%201.pdf">http://democracy.southlakeland.gov.uk/documents/s23928/Senior%20Management%20Restructure%20-%20Appendix%201.pdf</a>
B	Responsibility for Council Functions – Part 3 SLDC Constitution	<a href="https://www.southlakeland.gov.uk/media/2790/south-lakeland-district-council-constitution.pdf">Appendix B: https://www.southlakeland.gov.uk/media/2790/south-lakeland-district-council-constitution.pdf</a>
C	1. SLDC Pay and Grading Structure 1 January 2018  2. SLDC Pay and Grading Structure 1 April 2019	Appendix C1: <a href="https://www.southlakeland.gov.uk/media/5922/payscale-2018.pdf">https://www.southlakeland.gov.uk/media/5922/payscale-2018.pdf</a>  Appendix C2: Awaiting link
D	Recruitment & Selection Policy - Section 10.3	<a href="https://www.southlakeland.gov.uk/media/6235/recruitment_and_selection-002.pdf">Appendix D: Recruitment and Selection Policy https://www.southlakeland.gov.uk/media/6235/recruitment_and_selection-002.pdf</a>
E	Acting Up Guidelines	<a href="https://www.southlakeland.gov.uk/media/6232/acting_up_guidelines.pdf">Appendix E: Acting Up Guidelines https://www.southlakeland.gov.uk/media/6232/acting_up_guidelines.pdf</a>
F	Exceptional Effort/Merit/Qualification success Guidelines	<a href="https://www.southlakeland.gov.uk/media/6234/exceptional-effort-merit-payments-guidelines.pdf">Appendix F: Exceptional Effort Merit Payments https://www.southlakeland.gov.uk/media/6234/exceptional-effort-merit-payments-guidelines.pdf</a>
G	Officer Employment Procedure Rules - Part 4 SLDC Constitution	<a href="https://www.southlakeland.gov.uk/media/2790/south-lakeland-district-council-constitution.pdf">Appendix G: Officer Employment Procedure Rules, part 4 SLDC Constitution https://www.southlakeland.gov.uk/media/2790/south-lakeland-district-council-constitution.pdf</a>
H	Early Retirement Policy	<a href="https://www.southlakeland.gov.uk/media/6233/earlyretirement.pdf">Appendix H: Early Retirement Policy https://www.southlakeland.gov.uk/media/6233/earlyretirement.pdf</a>
I	Redundancy Policy	<a href="https://www.southlakeland.gov.uk/media/6236/redundancy-policy.pdf">Appendix I: Redundancy Policy https://www.southlakeland.gov.uk/media/6236/redundancy-policy.pdf</a>

J	Trade Union Time Off & Facilities Policy	<a href="https://www.southlakeland.gov.uk/media/6237/2014-tradeuniontimeoff.pdf">Appendix J: Trade Union Time Off and Facilities Policy / https://www.southlakeland.gov.uk/media/6237/2014-tradeuniontimeoff.pdf</a>
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