

Allerdale Borough Council

Council – 6 March 2019

**Pay Policy Statement**

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<b>The Reason for the Decision</b>	<b>The 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.</b>
<b>Summary of options considered</b>	<b>N/A</b>
<b>Recommendations</b>	<b>That Allerdale Borough Council approve the Pay Policy Statement.</b>
<b>Financial/Resource Implications</b>	<b>Financial implications are included in the report.</b>
<b>Legal Implications</b>	<b>Legal implications are included in the report.</b>
<b>Community Safety Implications</b>	<b>N/A</b>
<b>Health and Safety and Risk Management Implications</b>	<b>N/A</b>
<b>Equality Duty considered/Impact Assessment completed</b>	<b>Yes</b>
<b>Wards Affected</b>	<b>All</b>
<b>The contribution this decision would make to the Council's Strategic Objectives</b>	<b>The statement provides transparency with regard to the Council's approach to setting the pay of its employees.</b>
<b>Is this a Key Decision</b>	<b>Yes</b>
<b>Portfolio Holder</b>	<b>Councillor Joan Ellis</b>
<b>Lead Officer</b>	<b>(Ian Frost, Chief Executive, 01900 702975, <a href="mailto:ian.frost@allerdale.gov.uk">ian.frost@allerdale.gov.uk</a>)</b>

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**Report Implications** (Please delete where applicable).

Community Safety	N	Employment (external to the Council)	N
Financial	Y	Employment (internal)	Y
Legal	Y	Partnership	N
Social Inclusion	Y	Asset Management	N
Equality Duty	Y	Health and Safety	N

Background papers .....

**Pay Policy Statement – 2019/2020**

**1. 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 (the ‘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 Chief Executive (as the Head of Paid Service) is responsible for ensuring the provisions set out in this statement are applied consistently throughout the Council and recommending any amendments to the Council.

Once approved by the 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<sup>st</sup> March each year.

The introduction of the Code of Practice for Local Authority on Data Transparency 2015 places additional duties on Local authorities in terms of publication of pay details which are included in the document. The Code also requires the publication of Trade Union Facility Time and the annual publication of organisation structure charts which are contained in Appendix 1.

**2. Other 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 and where relevant, the Transfer of Undertakings (Protection of Earnings) Regulations 2006.

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.

### **3. Pay and Grading Structure**

The Council uses the nationally negotiated pay spine (i.e. a defined list of salary points) as the basis for its local pay structure, which determines the salaries of its employees (published on the intranet). The actual salary levels for each post other than Chief Officers are determined by reference to the Council's job evaluation scheme. This is a national scheme.

It should be noted that the National Joint Council (NJC) pay spinal column points will be revised with effect from the date of any updated Agreement following a National Pay Bargaining process. Should there be any implications for the Council's existing grading structure as a consequence of the Agreement any necessary revisions will be made and any significant issues will be reported as appropriate.

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.

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.

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 this will be within the discretion of the appointing officer applies under the Recruitment and Selection Policy.

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, in accordance with the Market Factor Supplement Policy.

Any temporary supplement to the salary scale for the grade is approved in accordance with the Market Factor Supplement Procedure and the Acting up and Honoraria Procedure.

All employees are covered by the National Joint Council Agreement on Pay and Conditions of Service except for Chief Officers who are covered by a separate National Joint Council Agreement for Chief Officers of Local Authorities.

Salary levels for Chief Officers were set by Council after consideration of an independent review which was undertaken externally by North West Employers Organisation (NWEO) in 2012. The determination of any new salary structure is undertaken in accordance with

the guidance produced by the Joint Negotiating Committees for Chief Executives and Chief Officers which says that when deciding the level of remuneration the following factors should be considered:

- The Chief Executive's salary and that of senior staff not covered by the Chief Officers' JNC;
- Any special market considerations;
- Any substantial local factors not common to authorities of similar type and size.
- Comparative salary information from other similar authorities;
- Top management structures and the size of the management team compared to those of other authorities of similar type and size;
- The relative job size of each post, as objectively assessed.

There is no separate provision for Chief Officers in relation to the Council's general employment policies and statements. Arrangements for Chief Officers are dealt with in accordance with the Council's ordinary policies.

#### 4. Senior Management Remuneration

Details of the senior management remuneration are included below:

Job Title	Points	Salary
Chief Executive	1	£104,050.20
Corporate Director**	3	£75,353.15, £77,475.78, £79,598.40
Heads of Service**	3	£47,759.04, £49,881.67, £52,004.29

\*\* An individual's progression through the relevant pay scale is annual increments subject to satisfactory performance.

#### Returning Officer

The designation of the Returning Officer currently sits with the Corporate Director. The Council is required to provide funding to the Returning Officer to discharge statutory functions relating to the administration of local government elections. The Returning Officer will make payments to those officers who undertake specific duties in relation to the elections in accordance with their role.

In respect of Borough and Parish Council elections, the fee has been increased from £100 to £140 per Borough Ward and contested parish.

The number of Borough Wards has reduced from 31 to 23; however the number of electors and properties remains the same. The increased fee reflects this change.

#### Monitoring Officer and Deputy

The designation of the Monitoring Officer currently sits with the Head of Governance. The Monitoring Officer is paid on the normal salary for a Head of Service, with an additional 10% annual allowance in recognition of their particular statutory responsibilities. The Deputy Monitoring Officer is paid an additional £1000 per annum, on top of their salary.

## Section 151 Officer and Deputy

The designation of the Section 151 Officer currently sits with the Head of Financial Services. The Section 151 Officer is paid on the normal salary for a Head of Service, with an additional 10% annual allowance in recognition of their particular statutory responsibilities. The Deputy 151 is paid an additional £1000 per annum on top of their salary.

Further details are published in the Council's Annual Statement of Accounts.

### 5. Recruitment of Chief Officers

The Council's policy and procedures with regard to recruitment of Chief Officers is set out within section 8.5 of the Constitution.

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 in Recruitment & Selection, and Change Management Policy.

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.

### 6. Additions to Salary of Chief Officers

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. honoraria, ex gratia, 'acting up') relating to temporary additional duties are the same for all officers and are set out in the Acting up, Honorarium & Secondment Policy.

The Senior Management team receive an on-call/standby fee, where required. The same rate is applicable for all employees who undertake on call/standby cover.

Essential car user may be paid to the senior management team providing their role meets the criteria which is applicable to all employees.

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

Post / Tier of post	Payment details
<b>Corporate Director</b>	<p>The designation of Returning Officer is made by Full Council and currently sits with the Corporate Director.</p> <p>The fees paid for Returning Officer services are as follows :</p> <p>In accordance with the national agreement the Returning Officer is entitled to receive and retain the personal fees arising from performing the duties of the RO, ACT, DRO or DARO and similar position which they perform subject to the</p>

	<p>payment of pension contributions thereon, where appropriate.</p> <p>In respect of Borough and Parish Council elections the fee is based on a calculation of £140 per Borough Ward and £140 per contested parish.</p> <p>Fees for elections duties for other elections (Police &amp; Crime Commissioner elections, County Council elections, National Referendums and European Parliamentary 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.</p> <p>Some officers may attract a supplement for deputy returning officer duties</p>
<b>Statutory Officers</b>	Salary supplements payable for fulfilling statutory officer duties (e.g. S151 / MO)

## 7. Bonus Payments

The Council does not operate any variable pay or bonus schemes.

## 8. Pension Contributions

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 rate to be used in the financial year 2019/2020 is 14.5%.

The employee contribution rates are based on actual pensionable pay as detailed in the table below. These rates are published each year. At time of publication of this pay policy, the 2019/20 rates have not been published.

There are two sections in the scheme now – the main section and the 50/50 section.

The main section of the scheme is the section you will be placed in. In that section, you pay normal contributions and get the normal pension build up.

The 50/50 section was brought in as part of the 2014 scheme. You can elect for this option at any time, pay half your normal contributions and build up half your normal pension. If you have more than one employment you can elect for the 50/50 option in one, some or all your employments. Regardless of the section you are in, you get full life assurance cover.

<b>Contribution table 2019/2020</b>			
<b>Band</b>	<b>Actual Pensionable Pay for an employment</b>	<b>Contribution rate for that employment</b>	
		<b>Main Section</b>	<b>50/50 Section</b>
1	Up to £13,700	5.5%	2.75%
2	£13,701 - £21,400	5.8%	2.9%
3	£21,401 - £34,700	6.5%	3.25%
4	£34,701 - £43,900	6.8%	3.4%
5	£43,901 - £61,300	8.5%	4.25%
6	£61,301 - £86,800	9.9%	4.95%
7	£86,801 - £102,200	10.5%	5.25%
8	£102,201 - £153,300	11.4%	5.7%
9	£153,301 or more	12.5%	6.25%

## 9. 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 the same as for all employees set out within its Pension Discretion Policy 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.

## 10. Pay Analysis

Calculations in this document are taken using January payroll data.

### Median Salary

This calculation is based on the middle number in a set of data, when the data has been written in ascending size order, this includes all staff within the paid services of the Council, including the Chief Executive. The median salary using the January 2019 payroll was £25,463. This is based on a staffing number of 245 and total remuneration of £6,859,282.92 (based on all posts at their full-time equivalent rate.)

### Lowest paid employees

Using January 2019 payroll data, the lowest paid employee was on a salary of persons employed under a contract of £16,394 per annum, however the Council pays the Living Foundation Wage, which is currently £9.00 per hour. This means that the lowest paid employee is actually paid £17,392.

Apprentices are appointed to Allerdale Borough Council on the Living Foundation Wage.

### Pay Multiple

The 'pay multiple' is the ratio between the highest paid taxable earnings (£104,050.20) and the median earnings figure (£25,463) of the whole Council's workforce. The Council's highest paid employee is the Chief Executive. Therefore, the 'pay multiple', of the whole of the Council's workforce is 1:4 (as at January 2019)

As part of the Council's 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. In addition, upon the annual review of this statement, the Council will also monitor any changes in the relevant 'pay multiples' and benchmark against other comparable local authorities.

#### **11. Publication**

Upon approval by the Full Council, this statement will be published on the Council's website.

#### **12. Accountability and Decision Making**

In accordance with the Constitution of the Council, the Head of Paid Service, Chief Officer Employment Panel and Council are responsible for decision making in relation to the recruitment, pay, terms and conditions and severance arrangements in relation to Chief Officers of the Council.

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

The Council will not normally employ or engage under a contract of service 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.

The Small Business, Enterprise & Employment Act 2015 makes provision requiring the repayment of some or all of any qualifying exit payment in qualifying circumstances.

#### **14. Recommendations**

That the Council approves the Pay Policy Statement.

**Ian Frost**  
**Chief Executive**

### **Appendix 1 Organisational Chart**





