

Introduction and Purpose

1. 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, and the Local Government Transparency Code 2015. It has been prepared in accordance with the guidance issued by the Department for Communities and Local Government in February 2015.
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 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) responsible for ensuring the provisions set out in this statement are applied consistently throughout the Council and recommending any amendments to the full Council.
 - the relationship between the salaries of the Council's 'chief officers' and other employees.
3. Once approved by the full Council, this policy statement will come into immediate effect and will be subject to review on 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 through the use of its job evaluation schemes, which directly establish the relative levels of posts in grades according to the requirements, demands and responsibilities of the role.
5. A recent EAT judgement (Dudley Metropolitan Borough Council v Willetts and others) ruled that regular voluntary overtime payments must be included in the calculation of statutory holiday pay. It held that where payments were made for voluntary overtime with sufficient regularity, then they would fall within the definition of 'normal remuneration' and therefore included within the calculation of statutory holiday pay. The decision has therefore been made to add a percentage on to all overtime payments to ensure that the Council are compliant with this ruling. With effect from 1st April 2019 all additional hours worked will attract a 7.69% premium.

Pay Structure

6. The Council uses the nationally negotiated pay spine as the basis for its local pay structure for all posts other than those posts defined as 'chief officers'. The salary grades used by the Council are determined by job evaluation using a defined number of incremental points from this pay scale. [see Appendix 1] Locally determined scales are agreed for those posts defined as 'chief officers'.
7. For all posts excluding the Chief Executive and the Corporate Director 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 through collective bargaining between the national employers and the trade unions. Percentage annual increases agreed by the national pay bargaining bodies for the Chief Executive and the Corporate Director respectively are applied to their salary scales as and when agreed.
8. 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.
9. The 2019 NJC pay award recommended realignment to the pay spine and bottom loading of pay increases to try to ensure that the future national minimum wage can be achieved in local government. Additional SCP points have been introduced and can be used or left in active. Following work carried out on the impact of staff and discussions with the trade unions it has been decided that the new grades will be left inactive for Pendle Council (Appendix 1).

Methods by which salary grades are determined

10. The salary grades of all employees whose employment is subject to the Pay and Conditions of Service of the National Joint Council for Local Government Services are agreed by a process of job evaluation. For employees below the level of 'chief officer' the scheme used is the Greater London Employers' Association scheme.
11. This pay and grading structure was agreed in 2004 through the implementation of the Single Status agreement. This agreement harmonised the key terms and conditions of service of all employees covered by the National Joint Council, moved all employees on to monthly pay and removed bonus payments to former manual workers. The grades of all newly created posts and posts that are varied are assessed using the job evaluation scheme.
12. Assessment of grades is done by a Job Evaluation Panel which consists of equal numbers of trained managers and trade union representatives, chaired by the Human Resources Manager. Authority for the final approval of grades is delegated to the Human Resources Manager by the Chief Executive. Appeals against grading are heard by an Appeals Panel consisting of equal numbers of councillors and trade union representatives advised by the Human Resources Manager.
13. For employees who fall within the definition of 'chief officers' as defined within the Localism Act, excluding the Chief Executive and Corporate Director grades are assessed using the Greater London Employers' Association Job Evaluation Scheme for Chief Officers in Local Government. This process will also be subject to review. The assessment of grades is undertaken by the Human Resources Manager and approved by the Chief Executive.

14. The salary grade of the Chief Executive, who is employed under the terms and conditions of the Joint Negotiating Committee for Chief Executives of Local Authorities, is agreed following an independent review and where appropriate reference to the North West Employers Organisation using comparative pay data. The recommendation is approved by the Council.
15. The salary grade of the Corporate Director, who is employed under the terms and conditions of the Joint Negotiating Committee for Chief Officers, is agreed following an independent review and where appropriate reference to the North West Employers Organisation using comparative pay data. The recommendations are approved by a committee of the Council appointed for that purpose.
16. In determining its grading structure and setting remuneration levels for all posts, 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.
17. New appointments will normally be made at the minimum of the relevant pay scale for the grade, although this can be varied where a new employee clearly possesses stronger experience and/or it is 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 by the Chief Executive in consultation with the Human Resources Manager.
18. 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.
19. Any temporary supplement to the salary scale for the grade is approved in accordance with the Council's Market Supplement Policy. [See Appendix 2]
20. With the exception of progression through the incremental scale of the relevant grade being 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.
21. Whilst Pendle Council does not pay performance related pay, it has a formal Performance Management Review process that applies to all members of staff, including Senior Managers. For the Chief Executive and Corporate Director this review is carried out by the Leader of the Council.
22. Leased Car Scheme – The Leased Car Scheme has now been withdrawn to all new appointments to 'chief officer' posts. On a protected basis all existing eligible officers are entitled to a Leased Car for which there is a contribution of up to 10% of the maximum salary. Reimbursement of business mileage and any other allowance is made in accordance with the nationally negotiated rates of the various negotiating bodies as at 2012. Any further amendments will be determined by the Council from time to time.

Senior Management Remuneration

23. For the purposes of this Pay Policy Statement the posts considered to be 'chief officers' in relation to the Localism Act are:

- The Chief Executive (Head of Paid Service)
- The Corporate Director (Monitoring Officer)
- The Chief Financial Officer (Section 151 Officer)
- The Housing, Health and Engineering Manager
- The Planning, Economic Development & Regulatory Services Manager
- The Environmental Services Manager

There are other posts which report to the above posts but they have a maximum salary of less than £50,000 and are below the threshold for disclosure under the Accounts and Audit (England) Regulations 2015 ('the Data Transparency Code').

The Senior Management structure effective from 1st April 2019 is as shown in Appendix 3. This managerial structure also shows the links with the services provided externally by Liberata, Pendle Leisure Trust and Together Housing. The grade, job title and department, salary bandings, employment status of the post holder and contact details are also shown, as required by the Local Government Transparency Code 2015.

The Chief Executive's Remuneration

24. The Chief Executive's salary level is currently set at £100,873 per annum effective from 1st April 2018 as the Chief Executive national pay rise effective April 2019 has not yet been determined. A Chief Executive's salary is set by benchmarking market data and advice sought from North West Employers Organisation.

The Corporate Director's Remuneration

25. The Corporate Director's salary level was determined by reference to benchmark market data and advice sought from North West Employers Organisation. The current spot salary effective from 1 April 2018 is £88,443

The Corporate Director is also in receipt of Returning Officer Fees.

26. **'Chief Officers' Remuneration**
Effective from 1 April 2019

Post	Minimum Salary	Maximum Salary	Additional allowances
Chief Financial Officer	£63,468	£67,829	

Housing, Health & Engineering Services Manager	£60,173	£64,813	Leased car
Planning, Building Control & Regulatory Services Manager	£60,173	£64,813	Leased car
Environmental Services Manager	£60,173	£64,813	

27. All employees are entitled to progress through the pay scales by the payment of an annual increment on 1st April each year until the maximum of the scale is reached. This is subject to satisfactory performance and is set out in each employee's letter of appointment. In addition the Chief Executive has the authority to award up to two merit increments within the grade for exceptional performance.
28. 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'. 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 does not currently have any 'chief officers' engaged under such arrangements.

Recruitment of the Chief Executive and 'Chief Officers'

29. 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". The Council's policy and procedures with regard to the recruitment of the Chief Executive and 'chief officers' is set out within the Council's Recruitment and Selection Guidelines [[Link to Guidelines on the Council's website](#)] and as set out in Part 4 of the Constitution.
30. 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, Recruitment and Selection Guidelines and Redeployment Policies as approved by the Council.
31. 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.

Additions to Salary of 'Chief Officers'

32. 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 subject to the approval of the Chief Executive. In respect of the Chief Executive, payment for additional duties is subject to the approval of the Council.

Pension Contributions

33. 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 Lancashire County Council Pension Fund and reviewed on a triennial basis in order to ensure the scheme is appropriately funded. The current rate, set in January 2017 is 15.5% of gross salary, plus a lump sum contribution to cover past deficits in relation to the Council's pension fund. The employee contribution rates, which are defined by statute, are based on salary as follows (effective April 2019):

	Contribution rate
Up to £14,400	5.5%
£4,401 - £22,500	5.8%
£22,501 – £36,500	6.5%
£36,501 - £46,200	6.8%
£46,201 - £64,600	8.5%
£64,601 - £91,500	9.9%
£91,501 - £107,700	10.5%
£107,701 - £161,500	11.4%
More than £161,501	12.5%

Payments on Termination

34. The Council's approach to discretionary payments on the termination of employment of 'chief officers' and all other employees, prior to reaching normal retirement age, is set out within the Employer Discretions – Statement of Policy document [\[Link to Employer Discretions – Statement of Policy on the Council's website\]](#) in accordance with Regulations 5 and 6 of the Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations 2006.
35. The Council's policy in relation to payments arising from the termination of employment through retirement, early retirement or redundancy of 'chief officers' and all other employees is set out in the Retirement Policy and the Redundancy and Redeployment Policy [\[Link to Retirement Policy and Redundancy and Redeployment Policy on the Council's website.\]](#)
36. In exceptional circumstances the Council reserves the right to agree the terms of an employee's termination through a Settlement Agreement. For all employees' below the level of Chief Executive the terms of the Settlement Agreement will be agreed by the Human Resources Manager and the Chief Executive. For the Chief Executive the terms of the Settlement Agreement will be agreed by the Council.

Lowest Paid Employees

The Council currently pays in excess of the National Living Wage, (£8.21 per hour with effective from 1 April 2019) by paying a minimum of £9.36.

37. The lowest paid persons employed under a contract of employment with the Council are employed in accordance with the National Joint Council spinal column point 3, which is £18,065 from 1 April 2019.
38. The minimum spinal column point on the national pay spine is spinal column point 1, £17,364. The Council employs Apprentices who are not considered within the definition of 'lowest paid employees' as they are engaged under a training contract. Apprentices are paid £144.30 per week first year, £160.95 per week second year or National minimum wage for their age.

Relationship between 'Chief Officer' Pay and other employees April 2019.

39. The relationship between the rate of pay for the Chief Executive and 'chief officers' and the lowest paid employees is measured by calculating the ratio between the highest salaries, the lowest salary and the median salary within the Council. The Chief Executive's salary and the median 'Chief Officer' salary are inclusive of all relevant benefits.

Post	Salary	Relationship	Ratio
Chief Executive	£100,873	To lowest salary	1:5.6
Chief Executive	£100,873	To median salary	1:4.8
Median 'Chief Officer' salary	£62,493	To lowest salary	1:3.5
Median 'Chief Officer' salary	£62,493	To median salary	1:3.0
Median employee salary	£21,166		
Lowest salary	£18,065		

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. In addition, upon the annual review of this statement, the Council will also monitor any changes in the relevant 'pay ratios.'

Accountability and Decision Making

40. In accordance with the Constitution of the Council, committees are appointed for the specific purpose of making decisions relating 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

41. Decisions in relation to the re-employment or re-engagement of former 'chief officers' will be made by the Council at the appointment stage of the recruitment process.

Pay practices of external contractors commissioned to deliver services

42. In 2005, a number of the Council's services were transferred to Liberata as part of a public/private partnership. Liberata also implements a Job Evaluation scheme for the determination of its pay scales to ensure there is fairness and equality.

Publication

43. Upon approval by the full Council in March 2019, this statement will be published on the Council's Website in the section called Open Data.

The Council also has a duty to publish additional salary related information as follows:

Part 3, Section 7 of the Accounts and Audit Regulations 2015 requires details of the total remuneration package, including expense allowances, of all posts where the full time equivalent salary is at least £50,000. This information should also include compensation for loss of office and termination payments.

The Local Government Transparency Code 2015 recommends that the salary details of senior employees, defined as those employees earning more than £50,000, together with job descriptions, organisation structures and budgets is made publicly available.

This salary and related information will also be published on the Council's website in the Open Data section.

		01/04/18					01/04/19		
Old Scale	SCP	Annual	Monthly	Hourly		New SCP	Annual	Monthly	Hourly
	6	16,394	1,366.17	8.50					
	7	16,495	1,374.58	8.55		1	17,364	1,447.00	9.00
	8	16,626	1,385.50	8.62					
	9	16,755	1,396.25	8.68		2	17,711	1,475.92	9.18
Scale 1	10	16,863	1,405.25	8.74	Scale 1	3	18,065	1,505.42	9.36
Scale 2a	11	17,007	1,417.25	8.82					
Scale 2b	12	17,173	1,431.08	8.90	Scale 2	4	18,426	1,535.50	9.55
Scale 3a pt 1	13	17,391	1,449.25	9.01					
Scale 3a pt 2	14	17,681	1,473.42	9.16	Scale 3a	5	18,795	1,566.25	9.74
Scale 3b pt 1	15	17,972	1,497.67	9.32					
Scale 3b pt 2	16	18,319	1,526.58	9.50	Scale 3b	6	19,171	1,597.58	9.94
	17	18,672	1,556.00	9.68					
Scale 4	18	18,870	1,572.50	9.78	Scale 4	7	19,554	1,629.50	10.14
	19	19,446	1,620.50	10.08		8	19,945	1,662.08	10.34
	20	19,819	1,651.58	10.27		9	20,344	1,695.33	10.54
						10	20,751	1,729.25	10.76
	21	20,541	1,711.75	10.65		11	21,166	1,763.83	10.97
Scale 5	22	21,074	1,756.17	10.92	Scale 5	12	21,589	1,799.08	11.19
						13	22,021	1,835.08	11.41
	23	21,693	1,807.75	11.24		14	22,462	1,871.83	11.64
	24	22,401	1,866.75	11.61		15	22,911	1,909.25	11.88
						16	23,369	1,947.42	12.11
	25	23,111	1,925.92	11.98		17	23,836	1,986.33	12.35
Scale 6	26	23,866	1,988.83	12.37	Scale 6	18	24,313	2,026.08	12.60
	27	24,657	2,054.75	12.78		19	24,799	2,066.58	12.85
						20	25,295	2,107.92	13.11
						21	25,801	2,150.08	13.37
	28	25,463	2,121.92	13.20		22	26,317	2,193.08	13.64
SO 1	29	26,470	2,205.83	13.72	SO 1	23	26,999	2,249.92	13.99
	30	27,358	2,279.83	14.18		24	27,905	2,325.42	14.46
	31	28,221	2,351.75	14.63		25	28,785	2,398.75	14.92
SO 2 / PO 1 PO 2	32	29,055	2,421.25	15.06	SO 2 / PO 1 PO 2	26	29,636	2,469.67	15.36
	33	29,909	2,492.42	15.50		27	30,507	2,542.25	15.81
	34	30,756	2,563.00	15.94		28	31,371	2,614.25	16.26
PO 3	35	31,401	2,616.75	16.28	PO 3	29	32,029	2,669.08	16.60
PO 4	36	32,233	2,686.08	16.71	PO 4	30	32,878	2,739.83	17.04
PO 5	37	33,136	2,761.33	17.18	PO 5	31	33,799	2,816.58	17.52
PO 6	38	34,106	2,842.17	17.68	PO 6	32	34,788	2,899.00	18.03
PO 7	39	35,229	2,935.75	18.26	PO 7	33	35,934	2,994.50	18.63
PO 8	40	36,153	3,012.75	18.74	PO 8	34	36,876	3,073.00	19.11
PO 9	41	37,107	3,092.25	19.23	PO 9	35	37,849	3,154.08	19.62
PO 10	42	38,052	3,171.00	19.72	PO 10	36	38,813	3,234.42	20.12
PO 11	43	39,002	3,250.17	20.22	PO 11	37	39,782	3,315.17	20.62
PO 12	44	39,961	3,330.08	20.71	PO 12	38	40,760	3,396.67	21.13
PO 13	45	40,858	3,404.83	21.18	PO 13	39	41,675	3,472.92	21.60
PO 14	46	41,846	3,487.17	21.69	PO 14	40	42,683	3,556.92	22.12
PO 15	47	42,806	3,567.17	22.19	PO 15	41	43,662	3,638.50	22.63
PO 16	48	43,757	3,646.42	22.68	PO 16	42	44,632	3,719.33	23.13
PO 17	49	44,697	3,724.75	23.17	PO 17	43	45,591	3,799.25	23.63
PO 18	50	45,629	3,802.42	23.65	PO 18	44	46,542	3,878.47	24.12
PO 19	51	46,564	3,880.33	24.14	PO 19	45	47,495	3,957.94	24.62
PO 20	52	47,504	3,958.67	24.62	PO 20	46	48,454	4,037.84	25.11
PO 21	53	48,434	4,036.17	25.10	PO 21	47	49,403	4,116.89	25.61
PO 22	54	49,441	4,120.08	25.63	PO 22	48	50,430	4,202.49	26.14
PO 23	55	50,670	4,222.50	26.26	PO 23	49	51,683	4,306.95	26.79
PO 24	56	51,863	4,321.92	26.88	PO 24	50	52,900	4,408.36	27.42
PO 25	57	53,062	4,421.83	27.50	PO 25	51	54,123	4,510.27	28.05
PO 26	58	54,297	4,524.75	28.14	PO 26	52	55,383	4,615.25	28.71
PO 27	59	55,560	4,630.00	28.80	PO 27	53	56,671	4,722.60	29.37
PO 28	60	56,948	4,745.67	29.52	PO 28	54	58,087	4,840.58	30.11
PO 29	61	58,265	4,855.42	30.20	PO 29	55	59,430	4,952.53	30.80
PO 30	62	58,993	4,916.08	30.58	PO 30	56	60,173	5,014.41	31.19
PO 31	63	60,910	5,075.83	31.57	PO 31	57	62,128	5,177.35	32.20
PO 32	64	62,224	5,185.33	32.25	PO 32	58	63,468	5,289.04	32.90
PO 33	65	63,542	5,295.17	32.94	PO 33	59	64,813	5,401.07	33.59
PO 34	66	65,013	5,417.75	33.70	PO 34	60	66,313	5,526.11	34.37
PO 35	67	66,499	5,541.58	34.47	PO 35	61	67,829	5,652.42	35.16
PO 36	68	68,034	5,669.50	35.26	PO 36	62	69,395	5,782.89	35.97
PO 37	69	69,600	5,800.00	36.08	PO 37	63	70,992	5,916.00	36.80
PO 38	70	71,201	5,933.42	36.91	PO 38	64	72,625	6,052.09	37.64

The Job Evaluation Scheme adopted by Pendle Council objectively scores and ranks all jobs within the organisation, ensuring both fairness and transparency regarding the components of pay. However, it is recognised that there may be special circumstances where a market forces pay supplement may, in exceptional circumstances, be applied.

These are in addition to, and separate from, the assessed grade. They are paid in order to recruit or retain high quality employees.

Equal and Human Rights Commission

The EHRC guidelines state:

- Organisations will need to be able to identify the market forces that they use in setting rates of pay.
- Any market factor must be genuine, for example, do we still have difficulty in recruiting a particular job or is this no longer the case? It must also be material, for example, does the job for which we are paying a premium for specialist skills really require those skills?
- The EHRC also recommends that any market supplement element of pay is transparent and reviewed regularly.

Equal Pay Legislation

In order to comply with legislation, Pendle Council must be able to objectively justify why different rates of pay are offered to employees whose work has been judged to be of equal value. The Council must also be able to demonstrate a business need for each market pay supplement and have an appropriate procedure for the reduction or withdrawal of such supplements when they can no longer be justified by market conditions.

Policy

1. A market supplement will be paid provided that the conditions of the EHRC's recommendations are satisfied, i.e. where there is objectively justified evidence of recruitment and / or retention difficulties that can be mitigated by the payment of a market supplement.
2. It is not sufficient to establish that market rates are higher in general. It is necessary to prove that the difference in salaries causes an organisational or operational problem and that a market supplement will resolve the problem.
3. Full details, including the justification, of any market supplements will be kept in order to provide evidence of transparency.

4. Market supplements will be reviewed annually by the HR Manager and the Chief Executive and may continue to be paid subject to the outcome of the review.
5. The market supplement is paid in addition to the job evaluated grade of the job and will be pensionable during the time that it is paid.
6. It is expected that a market supplement would not be in excess of £5,000 per annum or 25% more than the evaluated grade of the job. Additional research and evidence would be required prior to any agreement to pay a market supplement in excess of these limits.
7. Six months notice will be given to existing employees when market supplements are withdrawn. There will be no entitlement to any pay protection in respect of withdrawn market supplements.
8. There is no right of appeal against the granting or withdrawal of a market supplement.
9. Requests for the payment of a market supplement will be agreed by the Chief Executive and HR Manager in consultation with the relevant trade union. All requests will be supported by appropriate evidence, such as an analysis of the local and national job market salary surveys, evidence of recent job adverts and recruitment campaigns, information relating to recent recruitment and / or retention difficulties, staff turnover information and evidence from exit questionnaires.

