

Revised Pay Policy Statement

CLLr Andy Smith, Cabinet member for Innovation, Commercialisation and Corporate Services

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Contact Officer: Christie Tims/Cathy Pepper

Tel Number: 01543 308100/308112

Email: Christie.tims@lichfielddc.gov.uk
cathy.pepper@lichfielddc.gov.uk

Key Decision NO

Local Ward None

Members

Lichfield
district council

**EMPLOYMENT
COMMITTEE**

1. Executive Summary

- 1.1 To inform Employment Committee of the Council's duties under Section 38 of the Localism Act 2011 to prepare and publish a Pay Policy Statement for 2021/22.
- 1.2 To approve publication of the draft updated Pay Policy Statement, which will then go forward for Full Council approval.

2. Recommendations

- 2.1 It is recommended that Employment Committee approves the contents of the updated Pay Policy Statement as set out in **APPENDIX A** and recommends the policy for approval by Full Council.
- 2.2 That Employment Committee recommend the grant of delegated approval to the Head of Governance and Performance in Consultation with the Chair of Employment Committee to update the Pay Policy Statement as matters in 3.4 and 3.5 are concluded.

3. Background

- 3.1 Under section 112 of the Local Government Act 1972, the Council has the "power to appoint officers on such reasonable terms and conditions as the authority thinks fit".
- 3.2 The Pay Policy Statement (attached at **APPENDIX A**) 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 senior managers i.e. 'chief officers', as defined by the relevant legislation;
 - the relationship between the remuneration of its chief officers, those who are not chief officers and the lowest paid;
- 3.3 This statement is required to be submitted to Full Council for approval and will then be published on the Council's website. In addition, for posts where the full time equivalent salary is £50,000 p.a. or more, 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 bonuses so paid 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
- 3.4 The statement will be updated annually in accordance with the legislative requirements. This year the Pay Policy Statement will need to be updated once the National Joint Council – NJC (all employees) and Joint National Council - JNC (Chief Officer) Pay awards for 2021/22 are agreed. The pay claim has been received but

it may be some months before this pay round is settled. Delegation is sought to update the nationally negotiated NJC pay rates and JNC figures within the statement once a settlement is agreed.

- 3.5 The Statement also includes the relationship between the remuneration of its chief officers including the Chief Executive, those who are not chief officers and the lowest paid. This ratio will be directly affected by the appointment salary of the new Chief Executive if it differs from the pay of the current Chief Executive. As the appointment of the new Chief Executive will be a salary above £100k it will require Full Council approval. It is therefore requested that delegation be granted to the Head of Governance & Performance to update this figure once the salary package and final appointment decision is made by Full Council.

Alternative Options	None a statement is required to be published.
Consultation	Employee Representatives have been consulted with regard to this report requirement.
Financial Implications	This report sets out the existing financial obligations regarding pay policy.
Contribution to the Delivery of the Strategic Plan	An effective pay policy supports delivery of a good council. Publishing such a policy allows for transparency.
Equality, Diversity and Human Rights Implications	There are no implications for anyone with protected characteristics as this policy applies to all employees equally.
Environmental Impact	There are no implications.
Crime & Safety Issues	There are no implications.
GDPR and Privacy Issues	The publishing of this policy statement and other transparency data identified under the Localism Act does mean that salary information for identifiable persons is available in the public domain, however this is a statutory requirement and cannot be avoided.

	Risk Description	How We Manage It	Severity of Risk (RYG)
A	Non - compliance with legislation or challenges on equal pay	Through the publication of an annual pay policy statement and maintaining a consistent approach to conducting Job Evaluation.	Green Likelihood – green Impact - yellow
Background documents https://democracy.lichfielddc.gov.uk/documents/s8801/Item%2018%20-%20Pay%20policy%20statement%20report%20July%202020.pdf			

Lichfield District Council

Draft Pay Policy Statement 2021

Introduction and purpose

Under section 112 of the Local Government Act 1972, Lichfield District Council (LDC) 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 LDC's approach to its pay, terms and conditions and other related matters in accordance with the requirements of Section 38 of the Localism Act 2011.

Once approved by full Council, this Pay Policy Statement will come into immediate effect and will be subject to review on an annual basis, in accordance with the relevant legislation prevailing at that time.

Lichfield District Council

Lichfield District Council employs 335 staff (as at 28/02/2021), excluding casual workers, contractors, and agency workers) and provides a wide range of services managed through the Chief Executive's office and seven key service areas ; The Chief Executive and 6¹ Heads of Service are all permanent positions unless indicated otherwise in the role description for each.

The Chief Executive

The Chief Executive leads the organisation by translating members' aspirations into practical solutions and delivery. They also:

- Act as lead advisor to Elected Members
- Undertake the statutory role of Head of Paid Service
- Lead and support LDC's governance arrangements
- Manage direct reports of 6 Heads of Service (HoS)

Corporate Services

This service area takes the Strategic lead on

- Assets, premises, facilities management and the council's property portfolio.
- Corporate Communications, consultation and marketing
- Corporate ICT
- Development & maintenance of corporate information systems, including geographical information systems (GIS), the Property Gazetteer and street naming and numbering.
- Provision of corporate customer services (Lichfield Connects).¹
- Administration and collection of local taxation, including council tax and business rates (NNDR) and BID levy, housing benefits and council tax reductions, arrears collection for council tax, business rates, benefits overpayments and sundry debts.¹
- Policy development on debt recovery and its management.¹

¹Current Head of Customer Services, Revenues and Benefits retires in March 2021, with the services moving under Head of Corporate Services.

Governance and Performance

This service area takes the Strategic lead on

- Monitoring Officer, governance and member services.
- Shared Legal Service – hosted by South Staffordshire District Council.
- Electoral services, management of elections and the electoral register.
- Corporate lead on health and safety, insurance and equalities.
- Human Resources, Organisational Development and Performance Management.
- Customer complaints, ombudsman investigations, Data protection, Freedom of Information, RIPA and MP enquiries.

Economic Growth and Planning Development Service

This service area takes the Strategic lead on

- Sustainable economic development, planning policy, development plans and implementation, development control and enforcement, urban design and conservation, building control and land charges, city and town centre regeneration and development.
- Supporting strategic partnerships focusing on green matters including Cannock Chase AONB and managing the council's countryside assets.
- Arboriculture services, countryside, biodiversity, rural strategy and planning.
- Inward investment and developing the economy, business support and partnerships, and tourism, car parking strategy, city centre closed circuit television and management of off street parking enforcement.
- Supporting strategic partnerships focusing on green matters including Cannock Chase AONB and managing the council's countryside assets.

Operational Services

This service area takes the Strategic lead on

- Physical Activity and Sport Development partnerships, outdoor sports and play provision and the management of parks and open spaces, including Beacon Park.
- Management of leisure centre and theatre contracts.
- Quality of the local environment and the delivery of in-house street scene services, including street cleansing and fly-tipping, abandoned vehicles, fleet management, grounds maintenance, public conveniences, and shop mobility.
- The Joint Waste service, with Chief Executive of Tamworth Borough Council in respect of waste collection and recycling, sustainable waste management, including partnership support, environmental education and awareness.

Regulatory Services, Housing & Wellbeing

This service area takes the Strategic lead on

- Housing, including housing need and investment and affordable housing planning and development. Lead on housing partnerships, housing with support and travelling families.
- Homelessness strategy and responsibilities, including private sector housing investment and regulation.
- Enforcement and regulation, including contaminated land, pollution, nuisance, air quality.
- Health and safety enforcement and regulation, including food safety, occupational health and safety, infectious disease.
- Public health and protection, including taxi, liquor and miscellaneous licensing. Lead on community regeneration and development, including building social capital.

- Links with the voluntary sector; grant aid and commissioning grant funded services. Safer and Stronger communities including the Community Safety Partnership
- Emergency planning, with business continuity in conjunction with Staffordshire Civil Contingencies Unit.
- Lead on older people, children and young people and safeguarding policy.

Finance and Procurement

This service area takes the Strategic lead on

- Anti-fraud policy and awareness
- Risk management
- Internal/ External audit and risk management
- Financial probity, strategic financial management, treasury and investment funds, and revenue and capital strategy.
- Management of accounts and reconciliation and the management of external funding.
- Procurement strategy, policy and implementation.

2. Legislative framework

In determining the pay and remuneration of its employees, LDC will comply with all relevant employment legislation. This includes 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 (TUPE).

With regard to the Equal Pay requirements contained within the Equality Act, 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 equality proofed job evaluation mechanisms, which directly relate salaries to the requirements, demands and responsibilities of the role.

LDC also complies with the Equality Act 2010 (Specific Duties and Public Authorities) Regulations 2017 which require public sector employers with 250 or more employees to publish their gender pay gap information.

3. Pay structure

The underpinning mechanism in delivering LDC's pay structure is LDC's job evaluation system and the Single Status Agreement for all staff covered by the National Joint Council negotiations. This ensures all employees (except Chief Officers) are rewarded according to the demands and responsibilities of their job and that there are no discriminatory elements.

The posts of the majority of employees have been assessed using a National Joint Council for Local Government Services job evaluation scheme and which is supported by both the national trade unions and LDC employees.

The Single Status Agreement ensures that there is consistency and fairness in its terms and conditions, including pay that the council offers to its employees. The grades of Chief Officers have been evaluated through the Hay Job evaluation process and are subject to the terms agreed by the Joint Negotiating Council, although our single status agreement extends to cover Heads of Services for all other benefits outside of pay.

Any changes to jobs or new jobs go through a job evaluation process to ensure that there is consistency and fairness in place. Based on the application of the job evaluation process, the council uses the nationally negotiated pay scale as the basis for its local grading structure. **Appendix 1** shows the Lichfield District Council NJC pay grades applicable from April 2020 as the pay award for April 2021 is yet to be negotiated and settled.

The Local Government Association (LGA) represents LDC in national pay negotiations with trade unions and the government over pay and conditions.

In determining its grading structure and setting remuneration levels for all posts, LDC also takes into account the need to ensure value for money in respect of the use of public funds and affordability balanced against the need to recruit and retain employees who are able to meet the requirements of their respective roles, and provide timely high quality services to the community, delivered effectively and efficiently.

New appointments will be made at the relevant rate to ensure the best candidate is secured and wherever possible this should be the lowest scale point within the grade. If an internal candidate is appointed on promotion then as a point of principle, they should be offered the next available rate within the grade as a minimum and where a grade overlaps they should be offered the role on a point on the scale which ensures remuneration for the additional responsibility of the new role.

From time to time it may be necessary to take account of the external pay market in order to attract and retain employees with particular experience, skills and capacity. Where necessary, LDC will ensure the requirement for such is objectively justified by reference to clear and transparent evidence of relevant market comparators, using appropriate data sources available from within and outside the local government sector. This is known as a 'market supplement'.

Where appropriate a shared service payment may also be made to an officer who is managing a service on behalf of another council.

Local and Dangerous Building Allowances are paid as a contractual obligation following a TUPE transfer or for additional responsibilities that have been accepted following deletion of a role.

In addition we have an *Acting up Recognition Policy* (payment of an Honorarium), where a lower graded employee may be asked to take on the duties of a higher graded post, due to vacancy or other absence, where the employee possesses the appropriate skills and is agreeable to do so. There are currently 2 honorarium payments in place.

Payments for the *Deputy Monitoring Officer* and *Deputy Section 151 Officer* are also paid as a supplement to officers who sit outside of the senior leadership team for their additional responsibilities in carrying out statutory functions.

All other pay related allowances are the subject to either nationally or locally negotiated rates, having been determined from time to time in accordance with collective bargaining machinery and/or as determined by council policy.

Current details of 'additional pay' which are chargeable to UK Income Tax and do not solely constitute reimbursement of expenses incurred in the fulfilment of duties, are set out below:

Table 1 - Additional Payments

Additional Payment	Numbers	Pay range FTE Per annum £
Shared Service Payment	1	3528
Market Supplement Payments	5	2500-5767
Local Allowance	1	10000
Deputy Monitoring and Deputy Section 151 Officers	2	2942-3038
Essential car allowance	87	846-1239
Telephone Allowance	8	117-124
Dangerous Building Allowance	2	2722-2815

Apprenticeships

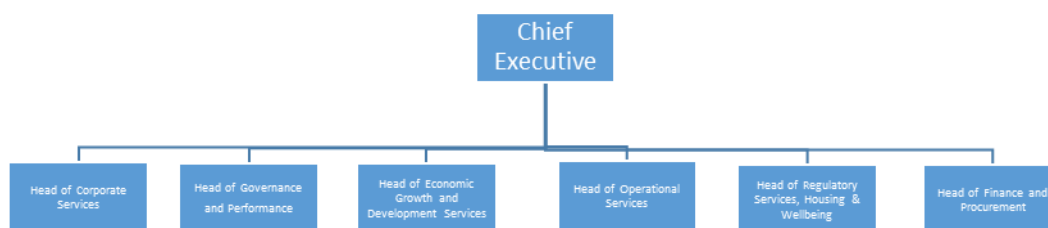
Under the Enterprise Act 2016, <https://www.gov.uk/government/news/enterprise-act-becomes-law> we are encouraged to appoint apprentices and public sector bodies are required to have up to 2.3% of their workforce in an apprentice annually. Currently we have 5 positions accessing the apprenticeship levy funding.

Our aim is to achieve our target of up to 7 new apprentices during 2021/22. All vacancies will be considered by relevant HoS together with Service Managers to ensure that opportunities for different ways of working are explored, that we have considered if the vacant post can be filled by an Apprentice, and that appointments are made on the most appropriate basis and only when essential to ongoing service delivery. Many of our employees undertaking apprenticeships are paid within our normal pay scales but where appropriate we pay new recruits to an apprenticeship in line with the National Apprenticeship rates.

4. Definition of a Chief Officer

Section 43 of the Localism Act 2011 defines the meaning of a Chief Officer and refers to the Local Government and Housing Act 1989. Statutorily the Chief Officer at LDC is currently the Chief Executive and locally LDC has extended the definition of a Chief Officer to include the Chief Executive and all Heads of Service (6 posts).

The Chief Officers' Structure is as follows:



Under transparency regulations we also publish data of any officer where a full time equivalent salary is at least £50,000 even though they do not fall within the definition of Chief Officer.

The Localism Act 2011 section 43 defines Chief Officers as:

- The head of paid service designated under section 4(1) of the Local Government and Housing Act 1989;
- Its monitoring officer designated under section 5(1) of that Act;
- A statutory chief officer mentioned in section 2(6) of that Act;
- A non-statutory chief officer mentioned in section 2(7) of the Act;
- A deputy chief officer mentioned in section 2(8) of that Act.

5. Chief Officers' remuneration

Heads of Service (HoS)

The Heads of Service posts report directly to the Chief Executive and are evaluated using the Hay Job Evaluation system. These roles are classed as part of the Leadership Team (for the purposes of the Act) and these officers are paid a salary in a range of five incremental points between £59,384 and £64,782. Some of these posts may be eligible for additional payments as specified in section 3.

Chief Executive

The Chief Executive salary falls within a range of four incremental points between £111,792, rising to a maximum of £118,569, not inclusive of any payment for Returning Officer duties, with the exception of District and Parish elections, payment for which is included in the salary.

Under the Localism Act 2011 any remuneration packages of £100,000 or more must be approved by Full Council.

6. Other pay additions

In addition to basic salary, described below are details of other elements of 'additional pay' which are chargeable to UK Income Tax and do not solely constitute reimbursement of expenses incurred in the fulfilment of duties:

- Fees paid for Returning Officer duties where identified and paid separately. This applies solely to the Chief Executive and their deputies and relates to fees, which are set by the Government for Parliamentary elections and through agreement with Staffordshire County Council, for County Council elections, using a pence per elector for the calculation. Fees for the district and parish local elections are included in the Chief Executive salary level.
- Essential user car allowance is £80.25 or £70.50 per month dependent on the size of vehicle. These rates are applicable to all employees who are essential car users. There are currently 87 employees receiving an essential car user's allowance.

7. Payments on termination

LDC's approach to statutory and discretionary payments on termination of employment of chief officers, prior to reaching normal retirement age, is set out within its policy statement in accordance with Regulations 5 and 6 of the Local Government (Early Termination of Employment), (Discretionary Compensation) Regulations 2006 and Regulations 12 and 13 of the Local Government Pension Scheme (Benefits, Membership and Contribution) Regulations 2007.

The details of payments are set out in LDC's Discretionary Payment Policy. These policies apply equally to all LDC employees.

8. Lowest paid employees

The lowest paid people employed under a contract of employment with LDC would be employed on a full time [37 hours] equivalent salary, set at the minimum pay point currently in use within LDC's grading structure (see **Appendix 1**) £9.25 per hour from 1 April 2020.

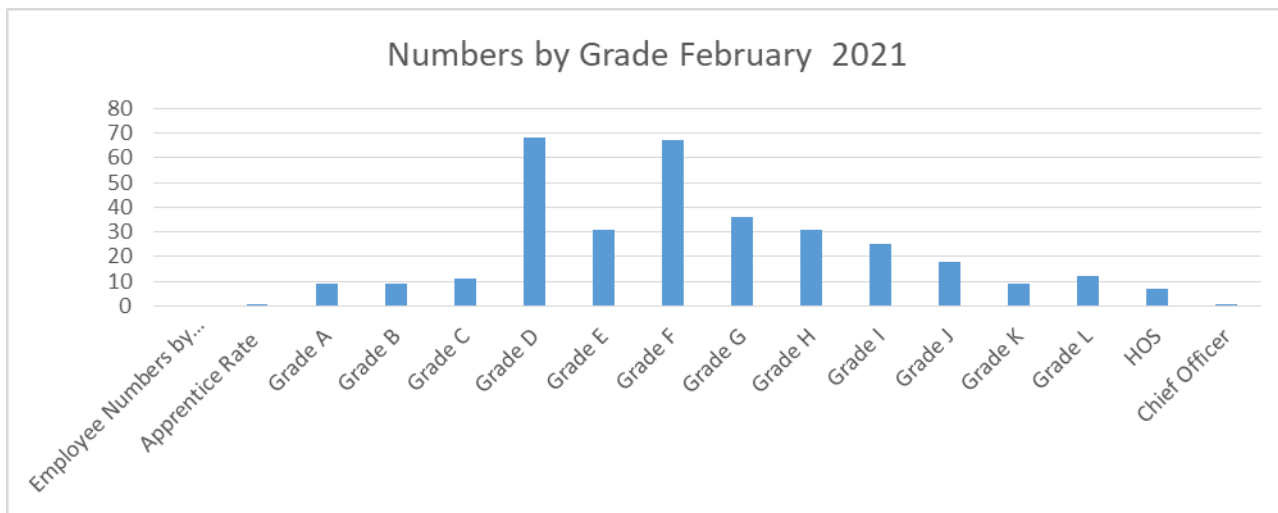
LDC employs apprentices who are not included in the definition of 'lowest paid employees' as the terms and conditions are determined by the National Apprenticeship Services.

9. Pay relationship

The relationship between the rate of pay for the lowest paid and chief officers is determined by the processes used for determining pay and grading structures as set out earlier in this policy statement.

The statutory guidance under the Localism Act recommends the use of pay multiples as a means of measuring the relationship between pay rates across the workforce, and that of senior managers. This is detailed in the Hutton 'Review of Fair Pay in the Public Sector' (2010). The Hutton Report explored the case for a fixed limit on dispersion of pay through a requirement that **no public sector manager can earn more than 20 times the salary of the lowest paid person** in the organisation. The report concluded that the relationship to median earnings was a more relevant measure, and the Government's Code of Recommended Practice on Data Transparency recommends the publication of the ratio between highest paid salary and the median average salary of the whole of the authority's workforce.

The graph below shows the relationship numbers of staff on the different pay grades within LDC:



The current pay levels within LDC define the multiple between the lowest paid (full time equivalent) employee and the Chief Executive¹ ratio is **1 to 6.64** and between the lowest paid employee and median average chief officer as **1 to 3.76**. The multiple between the median average full time equivalent earnings and the Chief Executive is **1 to 4.65**, and between the median average full time equivalent earnings and median average chief officer it is **1 to 2.73**.

All companies employing more than 250 staff must publish their pay relationship from this year <https://www.gov.uk/government/news/uks-biggest-firms-will-have-to-justify-pay-gap-between-bosses-and-their-workers>.

As part of its overall and ongoing monitoring of alignment with external pay markets, both within and outside the sector, LDC uses available benchmark information as appropriate.

¹New Chief Executive will be appointed in June 2021 – which may impact on this ratio depending on the appointing salary incremental point.

10. Publication

Upon approval by Full Council, this statement will be published on LDC's website. In addition, for posts where the full time equivalent salary is at least £50,000, LDC'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 bonuses paid 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.

This policy and (Appendix 1) will be updated and republished once a final settlement to the 2021 Pay Negotiations is agreed.

11. Accountability and decision making

In accordance with the constitution of LDC, the Employment Committee is responsible to LDC for functions relating to employment matters including establishing the overall framework for remuneration and terms and conditions of employment.

Appendix 1

National Joint Council for Local Government Services

April 2020 - March 2021

Band	Annual	HR £		Band	Annual	HR £	
Band A				Band H			
1	17842	9.25		24	28672	14.86	
Band B				25	29577	15.33	
1	17842	9.25		26	30451	15.78	
2	18198	9.43		27	31346	16.25	
3	18562	9.62		28	32234	16.71	
Band C				Band I			
3	18562	9.62		28	32234	16.71	
4	18933	9.81		29	32910	17.06	
5	19312	10.01		30	33782	17.51	
Band D				31	34728	18.00	
5	19312	10.01		32	35745	18.53	
6	19698	10.21		Band J			
7	20092	10.41		32	35745	18.53	
Band E				33	36922	19.14	
7	20092	10.41		34	37890	19.64	
8	20493	10.62		35	38890	20.16	
9	20903	10.83		Band K			
10	21322	11.05		35	38890	20.16	
11	21748	11.27		36	39880	20.67	
12	22183	11.50		37	40876	21.19	
				38	41881	21.71	
Band F				39	42821	22.20	
14	23080	11.96		Band L			
15	23541	12.20		39	42821	22.20	
16	24012	12.45		40	43857	22.73	
17	24491	12.69		41	44863	23.25	
18	24982	12.95		42	45859	23.77	
19	25481	13.21		43	46845	24.28	
Band G							
19	25481	13.21		National Minimum Wage Rates			
20	25991	13.47		Age Range	April 2018	April 2019	April 2020
21	26511	13.74		25+	£7.83	£8.21	£8.72
22	27041	14.02		21-24	£7.38	£7.70	£8.20
23	27741	14.38		18-20	£5.90	£6.15	£6.45
24	28672	14.86		Under 18	£4.20	£4.35	£4.55