



Report of:	Meeting	Date	Item No.
Cllr Peter Gibson, Leader of the Council and Marianne Hesketh, Service Director Performance and Innovation	Council	2 March 2017	7

## Pay Policy Statement 2017/18

### 1. Purpose of report

- 1.1 To consider the Council's Pay Policy Statement for the 2017/18 financial year in advance of it being published on the Council's web site.

### 2. Outcomes

- 2.1 Increased accountability, transparency and fairness in the setting of local pay, ensuring that communities have access to the information they need to determine whether remuneration, particularly senior remuneration, is appropriate and commensurate with responsibility.

### 3. Recommendation

- 3.1 Members are asked to note and approve the Pay Policy Statement for 2017/18 attached at Appendix A.

### 4. Background

- 4.1 The Localism Act 2011 requires the Council to prepare a Pay Policy Statement to articulate the authority's own policies towards a range of issues relating to the pay of its workforce, particularly its senior staff (or 'chief officers') and its lowest paid employees. Pay Policy Statements must be prepared for each financial year, must be approved by the full Council and published in such manner as the authority thinks fit, which must include publication on the authority's website. The first statement was prepared and approved by Council at their meeting on 1 March 2012.

### 5. Key issues and proposals

- 5.1 **Accountability** – The Secretary of State considers that decisions on pay

policies should be taken by elected members i.e. those who are directly accountable to local communities. That is why the Act requires that pay policy statements, and any amendments to them, are considered by a meeting of full Council and cannot be delegated to any sub-committee. Such meetings should be open to the public and should not exclude observers. In addition, full Council should be offered the opportunity to vote before large salary packages are offered in respect of new appointments and the threshold set by the Secretary of State is £100,000. This should include salary, any bonuses, fees or allowances routinely payable to the appointee and any benefits in kind to which the officer is entitled as a result of their employment.

**5.2 Transparency** - Approved policy statements must be published on the authority’s web site as soon as is reasonably practicable after they are approved or amended. The definition of chief officers is not limited to Heads of Paid Service or statutory chief officers but also includes those who report directly to them (non-statutory chief officers) and to their direct reports (deputy chief officers).

**5.3 Fairness** – The Act requires authorities to set their policies on remuneration for their highest paid staff alongside their policies toward their lowest paid employees. In addition, it requires authorities to illustrate the relationship between the remuneration of its chief officers and its employees who are not chief officers via the publication of an organisation’s pay multiple – the ratio between the highest paid employee and the median earnings across the organisation. (The median is the middle number of a group of numbers; that is, half the numbers have values that are greater than the median, and half the numbers have values that are less than the median.)

**5.4** The Pay Policy Statement for the 2017/18 financial year is attached at Appendix A.

<b>Financial and legal implications</b>	
Finance	None arising directly from the report.
Legal	Compliance with sections 38 to 43 of the Localism Act 2011.

**Other risks/implications: checklist**

If there are significant implications arising from this report on any issues marked with a ✓ below, the report author will have consulted with the appropriate specialist officers on those implications and addressed them in the body of the report. There are no significant implications arising directly from this report, for those issues marked with a x.

risks/implications	✓ / x
community safety	x
equality and diversity	✓
sustainability	x
health and safety	x

risks/implications	✓ / x
asset management	X
climate change	X
data protection	X

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List of background papers:		
name of document	date	where available for inspection

### **List of appendices**

Appendix A – Pay Policy Statement 2017/18

arm/ex/cou/cr/17/0203lh



# Pay Policy Statement 2017/18

Wyre Council  
Civic Centre  
Breck Road  
Poulton-le-Fylde

March 2017

# The Pay Policy Statement for Wyre Council

## 1. Introduction

- 1.1 In order to demonstrate openness and accountability in local pay and in accordance with the Localism Act, the Council is required to publish a Pay Policy Statement for each financial year which must be approved by the full Council. This is the sixth statement produced by the Council, relating to the 2017/18 financial year, and must be approved and prepared before the end of March 2017. The statement must articulate the authority's own policies towards a range of issues relating to the pay of its workforce, particularly its senior staff (or 'chief officers') and its lowest paid employees.
- 1.2 For the purposes of the statement, the reference to 'Chief Officers' includes the head of paid service (Chief Executive), the Service Directors, the S151 Officer (Head of Finance), the Monitoring Officer (head of Business Support and deputy chief officers or those reporting or directly accountable to one or more of the statutory chief officers (Heads of Service).
- 1.3 In accordance with the Act, remuneration includes: The employee's salary;
- Any bonuses payable by the authority to the employee;
  - Any charges, fees or allowances payable by the authority to the employee;
  - Any benefits in kind to which the employee is entitled;
  - Any increase in or enhancement of the employee's pension entitlement where the increase or enhancement is as a result of a resolution of the authority;
  - Any amounts payable by the authority to the employee on the employee ceasing to be employed by the authority, other than any amounts that may be payable by virtue of any enactment – e.g. statutory redundancy.
- 1.4 Under the new arrangements, full Council should be offered the opportunity to vote before large salary packages are offered in respect of any new appointments. The Secretary of State considers that £100,000 is the right level for that threshold to be set and salary packages should include salary, bonuses, fees or allowances routinely payable to the appointee and any benefits in kind to which the officer is entitled as a result of their employment.
- 1.5 The proposed senior management restructure which was considered by Council 25 June 2015 recommended a new structure be implemented. Following the departure of the two Corporate Directors from 1 April 2016 and 1 July 2016 respectively the Head of Business Support and the Head of Finance took on the Monitoring Officer and Section 151 Officer roles.
- 1.6 The Act does not require authorities to use their pay policy statements to publish specific numerical data on pay and reward. Data is currently published on pay and reward in accordance with the Code of Recommended Practice for Local Authorities on Data Transparency in relation to [senior employees](#) defined as above £50,000 and the [Accounts and Audit Regulations 2011 Statement of Accounts Note 30 \(p69\)](#) for posts where the full time equivalent salary is at least £50,000.

In determining the pay and remuneration of all its employees, the Council complies

with all relevant employment legislation including the National Minimum Wage (Amendment) Regulations 2016, 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 that 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.

## **2. Pay Multiple**

- 2.1 In June 2010, the Government asked Will Hutton to undertake a review of Fair Pay in the public sector and the final report was published in March 2011. The report highlighted that there is value in ensuring that decisions about senior pay are taken in context of similar decisions on lower paid staff and that the relationship between those decisions should be considered. The Government welcomed this approach and the Act therefore requires authorities to set their policies on remuneration for their highest paid staff alongside their policies toward their lowest paid employees. The recommended way of illustrating this relationship is via the publication of an organisation's pay multiple – the ratio between the highest paid employee and the mean average or median earnings.
- 2.2 Using information held in the payroll system as at January 2017, a pay multiple of 3.95 (previously 3.88 at Jan'16) has been calculated as the mean average using a mean salary of £24,295 and 4.81 (previously 4.87) as the median using a median salary of £19,939.
- 2.3 The relationship between the remuneration of chief officers and other employees is determined by the pay and grading evaluation system and is not based on pay differentials associated with seniority. The pay and grading system determines salary levels based on skills, knowledge, relationships, the work environment and responsibilities, including managerial sphere of responsibility.
- 2.4 Following a series of staffing reviews which has seen significant reductions in cost, the Council's policy going forward will be to ensure that the pay multiple is not significantly changed. The Council will monitor its alignment with external pay markets, both within and outside the sector, and use available benchmark information as appropriate.

## **3. Remuneration**

- 3.1 The current senior management restructure was considered and recommended by Council 25 June 2015. This new structure was implemented with effect from 1 April 2016 and involved a new remuneration package for the Chief Executive of £95,000 to £100,000 (by three incremental progression points) and the creation of three new Service Director posts with a remuneration package of £57,500 to £61,000 (by three equal incremental progression points). The structure also saw the deletion of the posts of Corporate Director of People and Places on the 31 March 2016 and Corporate Director of Resources on the 30 June 2016. In determining the grading structure for these posts, which fall outside the nationally agreed arrangements, the Council takes account of the need to ensure value for money balanced against the need to recruit and retain employees who are able to meet the requirements of the role.

- 3.2 Heads of Service are remunerated in accordance with the pay and grading structure agreed by both the Employment and Appeals Committee and the Cabinet at their meeting 8 December 2008. This revised pay and grading structure was implemented as a result of the 1997 Single Status Agreement which required all Councils to review their local grading structures and to implement a structure which was fair and non-discriminatory. The Council adopts the national pay bargaining arrangements in respect of the establishment and revision of the national pay spine and the pay and grading structure is published on the Council's web site. For the 2017/18 financial year, Heads of Service will be remunerated as follows:

Head of Planning Services – Grade 14  
Head of Environmental Health and Community Safety – Grade 13  
Head of Culture, Leisure and Tourism – Grade 13  
Head of Built Environment – Grade 13  
Head of Contact Centre – Grade 14  
Head of Business Support – Grade 13  
Head of Governance – Grade 13  
Head of Engineering Services – Grade 14  
Head of Finance – Grade 14

- 3.3 Following the departure of the two Corporate Directors (see para.1.4) the Head of Business Support and the Head of Finance receive an annual allowance of £3,000 each for undertaking the Monitoring Officer and Section 151 Officer roles. This allowance will be increased to £3,030 in line with agreed pay awards from 1 April 2017.

- 3.4 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. Progression through the incremental scale is 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.

- 3.5 The Council does not award any other elements of senior remuneration such as bonuses, performance related pay or severance payments. Fees for the Returning Officer and other electoral duties are identified and paid separately for local government elections, elections to the UK Parliament and EU Parliament and other electoral processes such as referenda. As these relate to performance and delivery of specific election duties as and when they arise, they are distinct from the process for the determination of pay for Chief Officers.

- 3.6 **Referendum, Parliamentary and European Elections** – A Maximum Recoverable Amount (MRA) of funding for conducting these elections is set by the Cabinet Office in advance of holding the election. This MRA details the total amount of funding that is available for administering the elections as well as the fee to be paid to the Returning Officer.

**County Council Elections** – The Council receives notification from Lancashire County Council of a set of fees and charges which details the fee to be paid to the Deputy Returning Officer and also Presiding Officers, Poll Clerks and Polling Station Inspectors. The next County Council elections will be held on 4 May 2017.

**Borough and Parish Elections** – The last elections took place on 7 May 2015 and the fees and disbursements are determined by the Returning Officer under

delegated powers. The schedule is reviewed annually and published on the web site with the majority of fees being determined by the number of wards or parishes contested and the number of registered postal voters.

**Police and Crime Commissioner Elections** – The next election will be held in May 2020. A Maximum Recoverable Amount (MRA) of funding for conducting these elections is set by the Cabinet Office in advance of holding the election. This MRA details the total amount of funding that is available for administering the election as well as the fee to be paid to the Local Returning Officer.

- 3.7 There may be occasions when employees are subject to formal standby arrangements such as Albion and Neptune concerning river and tidal flooding. This is paid at £88.70 per week with recall to work being paid for chief officers at plain time or time off in lieu.

#### **4. Pension Contributions**

- 4.1 The Council exercised its' right to postpone Auto-Enrolment until the 1 October 2017. From this date all those who do not opt out of the Local Government Pension Scheme (LGPS), 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 future service contributions is set by the Actuary advising the Pension Fund and is reviewed on a triennial basis in order to ensure that the scheme is appropriately funded. The future service rate, set at 1 April 2017 for a three year period, is 15.8%.

- 4.2 The staging date for Auto-Enrolment of employees who receive payment in respect of the Elections is 1 August 2017 and the Council must automatically enrol all qualifying workers into an approved pension scheme from that date. For this purpose qualifying employees are those aged between 22 and state pension age who earn at least £10,000 per year from their election duties. An initial assessment of the workforce indicates that Wyre Elections are unlikely to have an automatic enrolment duty from the staging date but the situation will have to be monitored as part of the ongoing assessment process.

#### **5. Redundancy**

- 5.1 The LGPS Regulations require the Council to formulate and keep under review a policy [Employer Discretions](#) concerning the exercise of functions in awarding additional pension or service to members and in operating early retirement and flexible retirement provisions.

- 5.2 The policy makes it clear how the Council intends exercising its discretionary functions in order to ensure that Members remain in control and that the council tax payers' interests are safeguarded.

- 5.3 Section 2 shows the options available to the Council and scheme members to terminate employment including early retirement, redundancy/early retirement in the interests of efficiency of the service, voluntary early retirement and ill health retirement.

- 5.4 Section 3 lists all the discretions that have been considered and how the Council wishes to exercise their discretion in each case. There remains only one discretion which allows the granting of additional pension (up to a maximum of £6,675 a year)

but the Council has determined not to award this.

5.5 Whilst the Council has a discretionary power to award a one-off lump sum payment of up to 2 years pay (104 weeks) inclusive of any redundancy payment it has decided not to award enhanced payments and will use the statutory formula to calculate redundancy payments giving a maximum of 30 week's pay but has adopted the power to use the actual week's pay for the calculation of redundancy rather than the statutory limit.

5.6 In approving early or flexible retirement with employer consent, the Council will assess each case on its merits, taking into account the costs, the efficiency savings that will accrue, impact on service, potential for service improvements, etc.

## **6. Flexible Retirement**

6.1 Sometimes it can appear that the public sector is paying an individual twice – through a salary and a pension – for doing the same job. The Council can determine whether all or some benefits can be paid if an employee applies for flexible retirement at or after age 55. Employees opting for flexible retirement by reducing hours or moving to a lower grade can draw their pension benefits whilst continuing in employment and building up further benefits in the scheme. The Council does not automatically operate this discretion but each case is considered on its merits.

## **7. Re-employment of Chief Officers**

7.1 The Council does not specifically preclude the employment or contracting of chief officers who were previously employed by the authority and who, on ceasing to be employed, were in receipt of a severance or redundancy payment.

7.2 Lancashire County Council, the administering authority for the LGPS, are responsible for determining any policies concerning the abatement of pensions i.e. where pension has been enhanced previously either through the award of added years or ill health retirement.

## **8. Contracts**

8.1 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 may consider engaging individuals under a 'contract for service'. These will be sourced through the relevant procurement process ensuring that the Council can demonstrate value for money. It should be noted that from April 2017 the responsibility for assessing tax and national insurance will pass to the Council along with responsibility for deducting and paying the correct tax. However such persons are not Wyre Council employees and the Council is not required to make either pension or national insurance contributions. The Council does not currently have any chief officers engaged under such arrangements.

## **9. Lowest Paid**

9.1 In accordance with the Localism Act, the Council is required to develop its own definition of "lowest paid" and explain why that definition has been chosen.

9.2 The lowest paid persons employed by the Council are reimbursed in accordance

with the established pay and grading structure with the minimum spinal column point in use currently being scp 6, namely £14,514 per annum for a full time equivalent (37 hours), being the minimum wage. This level of payment ensured that all staff are paid an equivalent to the statutory national living wage regardless of their age. However with the introduction of the new Apprenticeship Scheme in April 2017 it is intended to reintroduce the national minimum wage for apprentices and those aged 16 to 25 so that we can ensure that we meet the requirements of that scheme. This introduction could also serve to dispel some of the equal pay issues that may arise with the impending increase of the national living wage to £9 by 2020. The table below illustrates the rates of pay from 1 April 2017.

<b>National Living Wage</b>	<b>National Minimum Wage</b>			
<b>25 and over</b>	<b>21 to 24</b>	<b>18 to 20</b>	<b>Under 18</b>	<b>Apprentice</b>
£7.50	£7.05	£5.60	£4.05	£3.50

Apprentices are entitled to the apprentice rate if they're either aged under 19 or aged 19 or over and in the first year of their apprenticeship.

## 10. Terms and Conditions

10.1 For the purposes of the Pay Policy Statement, the reference to 'Chief Officers' includes the Chief Executive, the Service Directors and the Heads of Service who have different sets of terms and conditions as indicated below.

- Chief Executive – the Joint Negotiating Committee for Chief Executives;
- Service Directors – the Joint Negotiating Committee for Chief Officers; and
- Heads of Service – the National Joint Council for Local Government Services.

10.2 A two year pay settlement agreement of 1% for each year commencing 1 April 2016 has been agreed by all negotiating bodies.

10.3 All posts carry a casual car user status which entitles the employee to reimbursement at the rate of 52.2p per mile.

10.4 An allowance of £3,030 pa for 2017/18 (which will be increased in line with future pay awards) will be paid to the Head of Business Support and Head of Finance in respect of their Monitoring Officer and s151 Officer roles.

10.5 Entitlement to sickness absence for all posts is detailed below.

During 1 <sup>st</sup> year of service	One month's full pay and (after four months' service), two months' half pay
During 2 <sup>nd</sup> year of service	Two months' full pay and two months' half pay
During 3 <sup>rd</sup> year of service	Four months' full pay and four months' half pay
During 4 <sup>th</sup> and 5 <sup>th</sup> years of service	Five months' full pay and five months' half pay
After completing 5 <sup>th</sup> year of service	Six months' full pay and six months' half pay

10.6 Annual leave entitlement for both the Chief Executive and the Corporate Directors

is 30 working days and after the completion of five years' service with the organisation 35 working days; recognising that these 4 post holders are not entitled to accrue flexi-time. Heads of Service being eligible for the following:

Up to the completion of 4 years	23 days
From the 4 <sup>th</sup> complete year to the 5 <sup>th</sup> complete year	25 days
After completion of 5 years	28 days

- 10.7 No chief officers or any other employees, excluding legal officers who require a practising certificate to represent the Council in court, receive any reimbursement for professional fees.

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