

**PAY POLICY 2020/21  
POLICY STATEMENT**

**1. INTRODUCTION**

Under Chapter 8 of the Localism Act 2011 Local Authorities in England and Wales were required to produce a pay policy statement for 2012/13 and for each financial year thereafter, and must do so with regard to any guidance from the Secretary of State for Communities and Local Government.

Additional information is also reported in compliance with The Equality Act 2010 (Gender Pay Gap Information) Regulations 2017 (Policy Procedure paragraph 6).

In addition this Policy must be agreed and signed off by the full Council and be publically available.

**2. POLICY OBJECTIVE**

The purpose of the Pay Policy is to provide transparency with regard to the Council's approach to the setting of pay for all its employees and therefore identifies:

- The methods by which salaries of all employees are determined
- The details and levels of remuneration and any other benefits of the Council's most senior staff.
- The relationship between the remuneration of its most senior staff and other staff within the Council.
- Details relating to the Council's lowest paid staff.
- Who is responsible for ensuring that the Pay Policy is consistently complied with throughout the Council.

**3. CHORLEY BOROUGH COUNCIL'S RESPONSIBILITY**

It is the Council's responsibility to ensure that:

- A policy is produced for each financial year.
- The policy is publically available through its website.
- The policy is applied fairly and consistently and complies with all relevant legislation.

**4. OUTCOMES**

The aim of the policy is to ensure that the Council's approach to determining the remuneration of all its employees is fair and transparent.

## **POLICY PROCEDURE**

### **1. SCOPE**

The pay policy covers the remuneration of all employees of the Council including temporary employees. Individuals engaged through employment agency arrangements would also be covered by the policy in compliance with the Agency Workers Regulations 2010.

### **2. PAY 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, and incorporated at the top of the spine a further 17 salary points for senior posts within the Council, though not all these points are currently being used. The Council also adheres to the national pay bargaining arrangements in respect of increases to the national pay spine.

The Employers side of the NJC for Local Government Services agreed with the relevant trade unions a 2 year pay agreement which provided for pay increases effective from 1 April 2018 and a further increase effective from 1 April 2019.

The agreed pay award which was effective from 1 April 2019 involved a re-alignment of the pay structure to ensure continued compliance with the National Living Wage, provide headroom for future increases in the National Living Wage, even out the increases between pay points and address low pay.

The pay structure for 2019/20 was detailed at the end of last year's Pay Policy statement and is continuing to be used currently. Chorley Council continues to be part of the nationally negotiated pay spine, but a pay award effective from 01 April 2020 has yet to be agreed.

The agreed National pay spine for 2018/19 is detailed at the end of this Policy and all salaries within the Pay Policy are those which were effective from 01 April 2019 and will remain unchanged until any nationally agreed pay award is agreed.

Chorley Council has also made inactive for 2020/21 all the spinal column points which were implemented above the national pay spine, as these are no longer used.

This pay spine is used to determine the salaries of all Council employees apart from the Chief Executive, Directors and Service Leads which are addressed separately within this policy. All posts, apart from the Chief Executive, Directors and Service Leads, have been evaluated using the nationally agreed Job Evaluation Scheme, from which the current grading structure was established. The scheme takes into account the need to ensure value for money balanced with the requirement to recruit and retain employees who are able to meet the needs of the service.

The grading of the majority of the posts within Chorley Council was established following the culmination of the Single Status Job Evaluation process in October 2007. New posts and posts which changed significantly are evaluated in accordance with the same Single Status Job Evaluation Scheme.

The Council also has a process by which it could consider paying market supplements where there have been difficulties in recruiting to the post and there is a general industry shortage which has led to comparable posts within other Councils being considerably higher. All market supplements would have to be agreed with the Human Resources Services Manager and the relevant Director and are reviewed regularly.

There are currently no market supplement payments made to any employee of Chorley Council.

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.

### **3. SENIOR MANAGEMENT REMUNERATION**

The Localism Act refers to Chief Officers and Deputies, though it should be noted that the definition is very broad and relates to Metropolitan and County Council's as well as much smaller district councils with far fewer management levels, such as Chorley Council.

Therefore, for the purpose of this policy, senior management is determined by those officers who are paid in accordance with the Chief Officer and Chief Executive National Conditions of Service, i.e.:

- Chief Executive
- Deputy Chief Executive
- Director (Customer & Digital)
- Director (Governance)
- Director (Commercial Services)
- Director (Early Intervention and Support)
- Director of Finance

#### **Chief Executive**

Prior to the appointment of a Chief Executive full council will determine the salary of the post to be advertised. Appointment to the post is undertaken by the Chief Executive Appointment Panel, the membership of which is agreed annually by full council, and the panel would make a recommendation to appoint which must be then approved by full council.

The level of salary for the Chief Executive, who is the Head of Paid Services, is £112,500 which is inclusive of the 7.5% Director's Car Lease Scheme contribution if this benefit is taken. In addition the Chief Executive also receives an honorarium of £12,000 per annum for undertaking the interim Chief Executive responsibilities at South Ribble Council, as this role is currently not covered.

This figure is a single spot point and therefore there is no incremental progression. The salary was effective from 1 April 2019 and took into account of the 2% pay increase in respect of the national pay award under the JNC Conditions of Service for Chief Executives. No pay award has yet been agreed for 2020/21.

The current Chief Executive is also undertaking the role of Statutory Finance Officer on a temporary basis pending the recruitment to the Director of Finance post which is currently vacant.

The Chief Executive will also take on the role of Returning Officer for any Local, National and European elections, payment for which will be in accordance with the statutory calculation.

Any fees earned through the role of Chief Executive or in respect of intellectual property gained through the role of Chief Executive would be payable to the Council. Furthermore the Chief Executive would not normally be entitled to undertake any other gainful employment.

Professional fees where membership of a particular professional organisation is required by the Chief Executive to carry out the full role of the post will be reimbursed. The current Chief Executive is reimbursed for membership of the Chartered Institute of Public Finance which is required for the role of Statutory Finance Officer.

Comparison of the Chief Executive salary level to the median salary level within Chorley Council (required under the Localism Act 2011). The median figure excludes casual employees who are only employed on an ad hoc or occasional basis.

| Chief Executive Salary<br>(including lease car contribution) | Median salary (SCP 25) | Ratio |
|--|------------------------|-------|
| £112,500   | £23,836                | 1:4.7 |
| £124,500<br>(including honorarium)                           | £23,836                | 1:5.2 |

### **Deputy Chief Executive**

Prior to the appointment of any Director full council will determine the salary of the post to be advertised. Appointment to the post is undertaken by the Chief Officer Appointment Panel, the membership of which is agreed annually by full council, and the panel would make a recommendation to appoint which must then be approved by full council.

The level of salary for the Deputy Chief Executive is a single spot salary of £100,000, which is inclusive of the 7.5% Director's Car Lease Scheme contribution if this benefit is taken.

This amount reviewed in accordance with any pay award settlement for Chief Officers, though not necessarily increased in line with any award. As this figure is a single spot point there is no incremental progression. However, the rate of pay would be reviewed in light of any national agreements relating to pay awards under the Chief Officers Conditions of Service.

The level of pay for the Deputy Chief Executive was set with regard to:

- The post works across Chorley Council and South Ribble Borough Council with whom we have a number of shared services which are expanding.
- The wide range of functions which the Deputy Chief Executive is responsible for.
- Market analysis of similar posts within other local authorities.
- Deputising function for the Chief Executive.

Should the Deputy Chief Executive or the other Directors detailed below participate in any of the electoral processes, then a relevant payment would be made, from monies received for carrying out elections, depending upon the role which they undertook.

Any fees earned through the role of Deputy Chief Executive or the other Directors detailed below or in respect of intellectual property gained through their role of Director would be payable to the Council. Furthermore, the Deputy Chief Executive or the other Directors detailed below would not normally be entitled to undertake any other gainful employment.

Professional fees where membership of a particular professional organisation is required by the Director to carry out the full role of the post will be reimbursed. Currently the Deputy Chief Executive or the other Directors detailed below are not reimbursed for any professional fees.

Comparison of the Deputy Chief Executive level to the median salary level within Chorley Council (required under the Localism Act 2011). The median figure excludes casual employees who are only employed on an ad hoc or occasional basis.

| Deputy Chief Executive Salary (including lease car contribution) | Median salary (SCP 25) | Ratio |
|--|------------------------|-------|
| £100,000   | £23,836                | 1:4.2 |

- **Director (Governance)**
- **Director (Customer and Digital)**
- **Director (Commercial Services)**
- **Director (Early Intervention and Support)**
- **Director (Finance)**

Prior to the appointment of any Director full council will determine the salary of the post to be advertised. Appointment to the post is undertaken by the Chief Officer Appointment Panel, the membership of which is agreed annually by full council, and the panel would make a recommendation to appoint which must then be approved by full council.

The level of salary for all the Directors are all single spot salaries which are inclusive of the 7.5% Director's Car Lease Scheme contribution if this benefit is taken. Details of the annual salaries are shown below:

- Director (Governance) - £75,000 (The post works across Chorley Council and South Ribble Borough Council and includes Statutory Monitoring Officer Duties)
- Director (Customer and Digital) - £78,556 (inclusive of Senior Information Risk Officer responsibilities)
- Director (Commercial Services) - £73,556
- Director (Early Intervention and Support) - £73,556
- Director (Finance) - £75,000 (The post works across Chorley Council and South Ribble Borough Council with whom we have a Shared Financial Services arrangement)

These amounts are reviewed in accordance with any pay award settlement for Chief Officers, though not necessarily increased in line with any award. As this figure is a single spot point there is no incremental progression. However, the rate of pay would be reviewed in light of any national agreements relating to pay awards under the Chief Officers Conditions of Service.

The level of pay for the Directors was set with regard to:

- The wide range of functions which the Directors are responsible for.
- Market analysis of similar posts within other local authorities.

Comparison of the Directors salary levels to the median salary level within Chorley Council (required under the Localism Act 2011). The median figure excludes casual employees who are only employed on an ad hoc or occasional basis.

| Director Salary (including lease car contribution) | Median salary (SCP 25) | Ratio |
|--|------------------------|-------|
| £75,000  | £23,836                | 1:3.1 |
| £78,556  | £23,836                | 1:3.3 |
| £73,556  | £23,836                | 1:3.1 |

#### **4. OTHER CONDITIONS RELATING TO SENIOR MANAGEMENT AND OTHER EMPLOYEES**

##### **Pension Arrangements**

All permanent and temporary employees, including senior management, are entitled to join the Local Government Pension Scheme if they so wish. No alternative options are available should employees not wish to join the scheme.

Enhancements to employee's pension entitlements will not normally be provided for any Council employee, unless there are exceptional circumstances.

##### **Performance Related Pay**

Chorley Council does not have any scheme relating to performance related pay for any employees including Senior Management.

##### **Bonuses**

Chorley Council does not have any schemes relating to the payment of bonuses for any employees including Senior Management, and therefore none are received.

##### **Payments on the termination of employment**

An employee being made redundant would receive a payment in accordance with the Council's Redundancy Policy which is applicable to all permanent and temporary employees. Payments are based upon the statutory redundancy ready reckoner and the employee's actual weekly wage with no automatic further enhancements to redundancy payments. Additional payments may be considered in exceptional circumstances.

##### **Senior Managers returning to Chorley Council**

The Relevant Appointment Panel would consider applications from former Senior Managers of either Chorley Council or another local authority who received either a redundancy payment or who was in receipt of a Local Government Pension, to determine whether it would be appropriate to appoint them to a Senior Management post within Chorley Council.

### **Professional Subscriptions**

A number of employees are members of professional organisations in connection with their employment at the Council though membership is not essential to enable them to undertake

their duties on behalf of the Council. Therefore, it is the policy of the Council to only pay for an employee's subscription to a professional organisation where they have a statutory responsibility.

### **Other Benefits**

Chorley Council pays for all employees including the senior managers detailed within this policy, to have level 1 access to a Health Care Plan, if they so wish. For all those employees participating in the scheme the value of the benefit is £66 per employee per annum. Anyone wanting to increase the level of cover, or include partners or spouses on the Health Care Plan must pay any additional premium themselves, through their salary.

## **5. LOWEST PAID EMPLOYEES**

### **Lowest Paid Employees**

At a meeting of the Council on the 8<sup>th</sup> January 2013, Chorley Council adopted the "Living Wage Foundation" rates for all its employees, excluding apprentices (see below), to address the issue of low pay. The Living Wage Foundation, which is a national body, established and annually updates what it considered to be a "living wage" which is an hourly rate and is currently £9.00 for outside London. The rate is set by the Centre for Research in Social Policy and is based upon what it considers to be the basic cost of living to provide a minimum income standard. This compares with the National Living Wage which is currently £8.21 per hour for employees aged 25 and over.

Both hourly rates appertaining to Scale 1 (£8.20 and £8.37 are below the National Living Wage, which now falls within the scale 2 of the national pay structure (see table below). Work was undertaken by the Council in light of its commitment to the Living Wage Foundation rates, to redesign existing scale 1 posts to give them greater responsibilities which subsequently meant that they were re-evaluated under the national scheme detailed previously, to scale 2. Therefore all posts within Chorley Council, excluding apprentices, are paid at scale 2 as a minimum.

Salary range for Scale 2

| <b>Point</b> | <b>Annual salary</b> | <b>Hourly rate</b> |
|--------------|----------------------|--------------------|
| 13           | £18,426              | £9.75              |
| 14           | £18795               | £9.94              |

Progression through the grade is by annual increments until the maximum of the scale is reached.

The bottom of scale 2 is higher than the current Living Wage Foundation rate of £9.00 per hours, but this does give some headroom for future increases to the rate which is generally greater than increases to the National Living Wage rate.

## Apprenticeships

There are a number of apprentices currently employed by Chorley Council, within Streetscene, Finance, ICT, Corporate Support and Customer, Services. With effect from 1<sup>st</sup> April 2014 the Council agreed that apprentices should receive the current National Minimum Wage relating to their age. With effect from 1<sup>st</sup> April 2020 the new minimum wage rates are detailed below:-

|             |                |
|-------------|----------------|
| Under 18    | £4.55 per hour |
| 18 - 20     | £6.45 per hour |
| 21 - 24     | £8.20 per hour |
| 25 and over | £8.72 per hour |

Apprenticeships are usually employed for a fixed period of 2 years. It is difficult to ascertain the exact cost of the minimum wage for all apprentices as it depends upon the age profile and date of birth of the apprentices at any given time, as the rate can vary by up to £4.17 per hour.

## 6. GENDER PAY INFORMATION

This information is published in compliance with the The Equality Act 2010 (Gender Pay Gap Information) Regulations 2017 and relates to the 31 March 2019.

Average hourly rates of pay for male and female employees (Regulations 8 and 9):

|                    | Male   | Female | Difference |
|--------------------|--------|--------|------------|
| Mean hourly rate   | £14.14 | £14.41 | 1.9%       |
| Median hourly rate | £12.12 | £12.61 | 4.0%       |

Bonus payments made to male and female employees (Regulations 10, 11 and 12):

This information is not reported as bonuses are not paid to any employee of Chorley Council.

The proportions of male and female employees in the lower, lower middle, upper middle and upper quartile pay bands:

|                       | Male  | Female |
|-----------------------|-------|--------|
| Lower quartile        | 65.9% | 34.1%  |
| Lower middle quartile | 46.6% | 53.4%  |
| Upper middle quartile | 46.6% | 53.4%  |
| Upper quartile        | 49.4% | 50.6%  |

## 7. OVERTIME PAYMENT ARRANGEMENTS

A number of recent Tribunal decisions have established the principle that employees should not be deterred from taking annual leave by being worse off for being on leave than if they had been in work. This primarily relates to overtime payments not being taken into account when calculating holiday pay, and employees just receiving their basic pay regardless of the level or regularity of overtime undertaken.

Advice from ACAS is that “Workers should usually receive the same pay while they are on annual leave as they normally receive while they are at work” and go on to say that “All types of overtime, including voluntary, must be included when calculating a worker's statutory holiday pay entitlement, apart from overtime that is only worked on a genuinely occasional and infrequent basis.”

<http://www.acas.org.uk/index.aspx?articleid=4109>

The requirement to recognise overtime when calculating holiday pay, however, only applies to the 4 weeks of annual leave required by the EU Working Time Directive. It would be impractical to determine what overtime is regular and therefore should be reflected in holiday pay, in light of the resources required to monitor this, the lack of any legal definition as to what constitutes regular overtime and that this approach may encourage employees to undertake unnecessary overtime to establish a level of regularity.

Therefore an additional 7.69% is added to overtime payments to accommodate the requirement to reflect overtime in holiday pay calculations for the 4 weeks of annual leave required by the EU Working Time Directive.

It is anticipated that this proactive approach avoids claims for back pay and should be taken in the context of a continuing review of the levels of overtime to look at ways where overtime costs may be reduced.

It is not proposed that standby payments are similarly enhanced, as arrangements to undertake standby are rostered around annual leave. Therefore employees do not suffer any detriment as a result of taking annual leave.

Should there be subsequent case law which impacts upon this issue then we would reviewed the measures and potentially implement alternative arrangements.

The arrangements for all overtime worked were implemented from the 1<sup>st</sup> April 2018. Unison agreed to the proposals and all staff were be written to informing them of the changes prior to implementation

It is the responsibility of the Council's Human Resources Services Manager to ensure that the Pay Policy is adhered to and is required to report any deviation from the Policy to the Leader of the Council.

## 9. PUBLICATION

This policy will be published on the Chorley Council website as soon as possible after it has been approved by full council.

## 10. GLOSSARY OF TERMS

**Chief Officer Appointment Panel** - Member Panel appointed annually at full Council

**Head of Paid Service** – Statutory Officer appointed in accordance with section 4 of the Local Government and Housing Act 1989. The Chief Executive and Senior Officer at the Council with responsibility for co-ordinating and organising council business and ensuring proper management of staff.

**Monitoring Officer** – Statutory Officer appointed in accordance with section 5 of the Local Government and Housing Act 1989. The officer with responsibility for ensuring the legality of the Council's actions.

**Returning Officer** – Statutory Officer appointed in accordance with section 35 of the Representation of the People Act 1983. The RO has responsibility for the conduct of Council elections. The role is an independent statutory function which is appointed to by, but sits separate to the Council. The Constitution appoints the Chief Executive as RO.

**Statutory Finance Officer** - Statutory Officer appointed in accordance with section 151 of the Local Government Act 1972. The officer with responsibility for the proper administration of the Council's financial affairs.

**NJC FOR LOCAL GOVERNMENT SERVICES  
ACTIVE PAY SCALES 01/04/2018 TO 31/03/2019**

| <b>SCALE 1</b> |               |             | <b>SCALE 2</b> |               |             |
|----------------|---------------|-------------|----------------|---------------|-------------|
| SCP            | Annual Salary | Hourly Rate | SCP            | Annual Salary | Hourly Rate |
| 3              | 18,065        | 9.5573      | 4              | 18,426        | 9.7483      |
| 4              | 18,426        | 9.7483      | 5              | 18,795        | 9.9435      |

| <b>SCALE 3</b> |               |             | <b>SCALE 4</b> |               |             |
|----------------|---------------|-------------|----------------|---------------|-------------|
| SCP            | Annual Salary | Hourly Rate | SCP            | Annual Salary | Hourly Rate |
| 6              | 19,171        | 10.1424     | 8              | 19,945        | 10.5519     |
| 7              | 19,554        | 10.3451     | 9              | 20,344        | 10.7630     |
|                |               |             | 10             | 20,751        | 10.9783     |
|                |               |             | 11             | 21,166        | 11.1979     |

| <b>SCALE 5</b> |               |             | <b>SCALE 6</b> |               |             |
|----------------|---------------|-------------|----------------|---------------|-------------|
| SCP            | Annual Salary | Hourly Rate | SCP            | Annual Salary | Hourly Rate |
| 12             | 21,589        | 11.4217     | 18             | 24,313        | 12.8628     |
|                |               |             | 19             | 24,799        | 13.1199     |
| 14             | 22,462        | 11.8835     | 20             | 25,295        | 13.3823     |
| 15             | 22,911        | 12.1211     |                |               |             |
|                |               |             | 22             | 26,317        | 13.9230     |
| 17             | 23,836        | 12.6104     |                |               |             |

| <b>SO1</b> |               |             | <b>SO2</b> |               |             |
|------------|---------------|-------------|------------|---------------|-------------|
| SCP        | Annual Salary | Hourly Rate | SCP        | Annual Salary | Hourly Rate |
| 23         | 26,999        | 14.2838     | 26         | 29,636        | 15.6789     |
| 24         | 27,905        | 14.7632     | 27         | 30,507        | 16.1397     |
| 25         | 28,785        | 15.2287     | 28         | 31,371        | 16.5968     |

| <b>PRINCIPAL OFFICER</b> |               |             |     |               |             |
|--------------------------|---------------|-------------|-----|---------------|-------------|
| SCP                      | Annual Salary | Hourly Rate | SCP | Annual Salary | Hourly Rate |
| 27                       | 30,507        | 16.1397     | 35  | 37,849        | 20.0240     |
| 28                       | 31,371        | 16.5968     | 36  | 38,813        | 20.5340     |
| 29                       | 32,029        | 16.9450     | 37  | 39,782        | 21.0467     |
| 30                       | 32,878        | 17.3941     | 38  | 40,760        | 21.5641     |
| 31                       | 33,799        | 17.8814     | 39  | 41,675        | 22.0482     |
| 32                       | 34,788        | 18.4046     | 40  | 42,683        | 22.5815     |
| 33                       | 35,934        | 19.0109     | 41  | 43,662        | 23.0994     |
| 34                       | 36,876        | 19.5103     | 42  | 44,632        | 23.6126     |
|                          |               |             | 43  | 45,591        | 24.1199     |

|      |       |      |       |
|------|-------|------|-------|
| PO-A | 27-30 | PO-E | 32-35 |
| PO-B | 28-31 | PO-F | 34-37 |
| PO-C | 29-32 | PO-G | 37-40 |
| PO-D | 30-33 | PO-H | 40-43 |