

PAY POLICY STATEMENT 2015/16

This Pay Policy Statement is produced in accordance with Chapter 8 of the Localism Act 2011. It was approved by Luton Borough Council ("the Council") at a meeting of the Full Council on 23rd February 2015. It is made available on the Council's website and contains links to appropriate associated documents.

1 Scope of this Pay Policy Statement 2015/16

- 1.1 Included in this Pay Policy Statement 2015/16 ("this Statement") are the Council's pay and reward policies for 2015/2016 that are designed:-
- to enable the Council, as an employer, to retain competitiveness in the market place, and
 - to maintain affordability of employment costs.
- 1.2 The policies referred to in this Statement are relevant to Council employees generally; however the scope of this Statement does not include the pay policies relating to teachers who are covered by the Teachers Pay and Terms and Conditions of Employment in England and Wales. Youth Workers, Soulbury employees and employees on National Health Service ("NHS") Terms and Conditions of Employment are paid according to pay rates that are set nationally. In the interests of transparency, these are detailed at section 5.1.
- 1.3 The Council's Administration and Regulation Committee determines the Terms and Conditions of Employment for all staff within the scope of this Statement, including the application of any discretion available under the Local Government Pension Scheme ("LGPS"). It will act as the "Remuneration Committee" for the purposes of the Localism Act 2011. The Head of HR and Monitoring Officer has delegated powers to implement actions that affect Terms and Conditions of Employment that have first been agreed through the Council's Administration and Regulation Committee.

2 Definitions

- 2.1 For the purposes of this Statement "Chief Officers" form the senior management structure of the Council. Within the Council, this comprises a Chief Executive, Directors, and Heads of Service.
- 2.2 The Council's pay scale values for pay grades that are not "Chief Officer" fall within pay grades Scale L1a to L7 and M1 to M8. The Council applies the annual pay award agreed by the National Joint Council for Local Government Services.
- 2.3 The "lowest paid employees" within the Council are those posts that fall within the L1a pay grade. Please see section 5.3.
- 2.4 Employees at the Council on Soulbury terms and conditions include educational improvement professionals; educational psychologists; and youth and community services officers.
- 2.5 There are a number of Joint Negotiating Committees referred to in this document. They provide national agreements on pay and conditions of service for particular groups of employees. They have representatives for the employers' side usually made up of representatives from the Local Government Employers Association and representatives for the staff side with representatives from the appropriate

trade unions. Any changes made by these negotiating bodies are notified to the Council as appropriate. Bodies that negotiate pay, and terms and conditions and the employee groups effected are as follows:-

Negotiating Body	Employee Groups Effected
Soulbury Committee	Educational improvement professionals; educational psychologists; and youth and community services officers
Joint Negotiating Committee for Youth and Community Workers	Youth and community workers
NHS Staff Council	Nurses, health professionals, health practitioners and those in supporting roles including public health
National Joint Council (NJC) for Local Government Services	Pay grades Scale L1a to L7 and M1 to M8
Joint Negotiating Committee for Chief Executives and Chief Officers of Local Authorities	Heads of Service, Chief Officers and Chief Executives

3 Pay Determination

3.1 Pay levels for all employees (except Teachers and those on Soulbury, Youth Worker rates and NHS “Agenda for Change” Rates) are determined by:-

- the Hay job evaluation scheme (for pay grades L1a – M8), or
- the Inbucon job evaluation scheme (for Directors and Heads of Service).

The two evaluation schemes used are substantial schemes used nationally and internationally. Both schemes establish the relative “size” of jobs within the Council. An evaluation is the assessment of each job against a number of established factors and this results in an overall job evaluation score, which is used to rank jobs within the Council. The overall job evaluation score for a job is used to allocate that job to the appropriate pay grade of the Council's pay grade structure.

No evaluation process exists for Soulbury or Youth and Community posts, but employees are placed on nationally defined grading structures.

3.2 Pay Bargaining and Negotiation

The Council is a member of the Local Government Employers Association for National Collective Bargaining in respect of Chief Executives, Chief Officers and other employees. Pay negotiation is an annual process, a pay claim is submitted by the trade unions and considered by the Local Government Employers Association (following consultation with local authorities).

3.3 Appointment

The point at which an individual will be appointed to within the pay grade will normally be the minimum of the scale. However appointment may be at a higher point within the scale where necessary.

3.4 Progression within a Pay Grade

Each pay grade contains a number of pay points called “Spinal Column Points” (SCPs). Employees are eligible to receive an annual increase within their pay grade until they reach the top. Once the employee reaches the maximum Spinal Column Point (SCP) of the pay grade for the role there is no further increase unless a nationally negotiated pay award is given. Increases may be withheld from an individual as a consequence of disciplinary action. New starters must complete a 9 month probationary period before receiving an increase.

3.5 Progression Schemes

Some posts are subject to a progression scheme that span more than one pay grade. Movement from one pay grade to another is subject to the employee meeting specific laid down criteria.

3.6 Market Supplement

Market supplements may be agreed when it can be shown that the salary attached to the grade for “hard to fill” posts is significantly lower than those offered elsewhere and that this is having an adverse impact on the ability to recruit and retain staff

A “hard to fill” post is one where there has been proven recruitment and/or retention difficulties and/or there are known significant national shortages. The value of any market supplement is determined by a comparison of the remuneration for an LBC post against relevant market rates for similar posts and is subject to annual review.

3.7 Payment for Extra Duties (Honoraria)

There will be occasions where, due to the service needs, employees will temporarily be required to undertake additional work or perform the work of a higher pay grade. Payment for these extra duties will normally be based on the difference in pay between their substantive post and that of the role being temporarily undertaken.

3.8 Car Benefit

The Council pays an allowance to employees that are graded M3 and above. Mileage is paid at a reduced local rate.

Pay Grade	Car Benefit Amount
M3 to M8	£3,203
Heads of Service	£3,990
Corporate Directors	£4,515
Chief Executive	£5,618

3.9 Other Car Allowances

The Council pays Essential and Casual Car User allowances in appropriate circumstances. The lump sum rate for Essential Car User Allowance is £963 per annum. These allowances are in accordance with the middle band of National Joint Council Local Government Service Rates. There are local rates in force for individuals who use their motorcycles or bicycles on official business. All allowances are kept under review and changes or additional policies are approved by the Council’s Administration and Regulation Committee.

3.10 Other Allowances

The Council pays a range of additional allowances where employees are required to work unsocial hours or where they incur specific expenditure as required by their job (e.g. the purchase of tools and equipment).

3.11 Performance Pay

The Council does not operate a performance pay scheme outside the pay grading structure that determines basic pay and therefore there are no performance or bonus payments paid to employees of the Council.

4 Remuneration of Chief Officers

4.1 Chief Executive

The annual Full Time Equivalent pay range for the pay grade of Chief Executive (as set out by the Joint Negotiating Committee for Chief Executives of Local Authorities) is:-

Pay Grade	Min	Max	Increments	Car Benefit	Total
Chief Executive	£164,382	£179,382	4 (SCP 12 to 15)	£5,618	£170,000 to £185,000

As at 31st March 2015, actual pay for the Council's Chief Executive is £169,382 + £5,618 car benefit totalling £175,000. The pay ceiling is £179,382 + £5,618 totalling £185,000.

The value of the Chief Executive's pay will be increased by the pay awards notified from time to time by the Joint Negotiating Committee for Chief Executives of Local Authorities. The Chief Executive's remuneration for Returning Officer duties in respect of local elections is consolidated into pay. In respect of national elections, including parliamentary, European and referenda, additional fees are paid. The value of these fees will be set by the respective national body in the year to which they apply and will vary with the type of national election.

4.2 Corporate Directors

Corporate Directors report to the Chief Executive.

Pay Grade	Min	Max	Increments	Car Benefit	Total
Director 1	£111,810	£122,607	5	£4,515	£116,325 to £127,122
Director 2	£89,000	£95,000	5	£4,515	£93,515 to £99,515

Pay ceiling is £122,607 plus £4,515 totalling £127,122 as at 31st March 2015.

The value of a Director's pay will be increased by the pay awards notified from time to time by the Joint Negotiating Committee for Chief Executives and Chief Officers of Local Authorities.

The Director posts within the Council are:-

Director of Commercial and Transformation Services,
Director of Housing and Community Living,

Director of Children and Learning,
Director of Environment and Regeneration and
Director of Public Health

4.3 Heads of Service

The Heads of Service report to the Corporate Directors except for the Head of Policy and Performance who reports to the Chief Executive.

Pay Grade	Min	Max	Increments	Car Benefit	Retention & Recruitment	Total
Head of Service 1	£65,604	£72,162	5	£3,990	£6,300	£75,894 to £82,452
Head of Service 2	£60,423	£67,134	5	£3,990	£6,300	£70,713 to £77,424

Pay ceiling is £82,452. The value of Head of Service pay will be increased by the pay awards notified from time to time by the Joint Negotiating Committee for Chief Officers of Local Authorities.

- 4.4 The Council's Monitoring Officer role falls within the remit of the post of Head of HR and Monitoring Officer, the pay range for which is the same as for Heads of Service described above. Likewise, the 'Section 151' duties fall within the Head of Service role of the Head of Finance and are within the pay range described for Heads of Service.

Heads of Service posts within the Council are:-

Head of Policy and Performance,
Head of Finance,
Head of HR and Monitoring Officer,
Head of Procurement and Shared Services,
Head of Revenues, Benefits and Customer Services,
Head of Fixed Assets,
Head of Adult Social Care,
Head of Community Living,
Head of Housing,
Head of Prevention and Early Intervention,
Head of Specialist Family Support,
Head of Support, Challenge and Intervention,
Head of Planning and Transport,
Head of Business and Consumer Services,
Head of Engineering and Street Services,
Head of Health Services Public Health
Head of Health Improvement

5 Remuneration of Other Employees

- 5.1 Soulbury, Youth Workers and workers who are on NHS Terms and Conditions of Employment are paid according to the nationally agreed rates as determined by the Soulbury Committee, the Joint Negotiating Committee for Youth and Community Workers and the NHS Staff Council and NHS Employers. The Council cannot influence these pay rates that are as follows:-

- 2013 Soulbury Educational Improvement Professional pay range (current) is SCP 1 £32,677 – SCP 50 £86,488,

- 2013 Soulbury Educational Psychologists pay range (current) is SCP 1 £34,273 – SCP 11 £50,745,
- 2013 Soulbury Senior and Principal Educational Psychologists pay range (current) is SCP 1 £42,969 – SCP 18 £63,571,
- 2009 Youth Workers pay range (current) is Pay point 1 £14,143 – Pay point 30 £36,377, and
- 2013 NHS “Agenda for Change” pay range (current) is Pay point 1 £14,294 – Pay point 54 £98,453.

5.2 For employees subject to the ‘National Agreement on Pay and Conditions of Service of the National Joint Council for Local Government Services’ (commonly known as the ‘Green Book’), the Council uses a pay range that commences at national SCP 5 and ends at SCP 65. SCP 5 will be deleted from 1st October 2015 leaving SCP 6 to SCP 65. *Minimum pay point as at 1st October 2015.

This pay range is divided into 16 pay grades, which each contain three, four or five pay points. The salary figures quoted below are effective from 1st January 2015. Within the Council, L1a is the lowest and M8 is the highest of these pay grades. Posts are allocated to a pay grade through a process of job evaluation.

Salary scales effective from 1st January 2015.

Pay Grade	Min £	Max £	Increments	Car Benefit
L1a	13,500 (*13,614)	13,715	3 (2 after 1 st Oct 2015)	
L1b	13,871	15,207	4	
L2	15,523	16,572	4	
L3	16,969	18,376	4	
L4	19,048	20,849	4	
L5	21,530	23,698	4	
L6	24,472	27,123	4	
L7	27,123	29,558	4	
M1	29,558	31,846	4	
M2	32,778	35,662	4	
M3	36,571	39,267	4	3,203
M4	39,267	42,053	4	3,203
M5	42,053	44,754	4	3,203
M6	47,787	50,528	4	3,203
M7	50,528	53,271	4	3,203
M8	55,319	61,464	5	3,203

5.3 Pay Floor - Lowest Paid

For the purpose of this Statement, employees on L1a are defined as the Council’s lowest-paid employees. This is because no employee of the Council is paid at a SCP that is lower than a point contained in L1a. This pay grade is made up of 3 increments ranging from national SCP 5 to national SCP 7. At 1st January 2015 the Full Time Equivalent annual values of these two SCPs are £13,500 to £13,715. From 1st October 2015 SCP 5 will be removed leaving L1a with 2 increments national SCP 6 to national SCP 7.

The values of the SCPs in these pay grades are increased by the pay awards notified from time to time by the National Joint Council for Local Government Services.

5.4 Living Wage

From the 1 October 2014 the Council agreed to adopt the UK Living Wage rate of £7.65, paid as a supplement to basic pay and to review this annually in line with the current UK Living Wage rate changes. The introduction of the Living Wage supplement brings the lowest pay point to £14,719. The council's salary scales remain unchanged.

5.5 Remunerative Relationships

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, as included within the Hutton 'Review of Fair Pay in the Public Sector' (2010). The Hutton report was asked by Government to explore 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 lowest paid person in the organisation.

The Government's Code of Recommended Practice on Data Transparency recommends the publication of the ratio between highest paid salary and the median salary of the whole of the authority's workforce. The Council does not set a ratio ceiling within its pay policy for senior officers.

The current pay levels within the Council define the multiple between the lowest paid (FTE) employee (£14,719 including the Living Wage supplement) and the Chief Executive (£169,382) as 11.5:1.

The multiple between the median full time equivalent earnings (£20,849) and the Chief Executive salary is 8.1:1.

6 Termination of Employment (Severance)

6.1 Local Government Pension Scheme

Membership of a pension scheme is determined by the relevant conditions of service and is subject to the rules of the specific scheme. The Council operates the Local Government Pension Scheme (LGPS) for most employees and the Teachers Pension Scheme (TPS) for employees that are teachers or exceptionally in related professions and the NHS Pension Scheme for those on NHS Terms and Conditions. For members of the LGPS made redundant on their 55th birthday or later, early access can be gained to their pensionable benefits based on service and salary. Although the LGPS provides for the exercise of discretion that allow for retirement benefits to be enhanced, the Council has a policy of not enhancing pension benefits. The LGPS can also be accessed before normal retirement date for employees who are unable to continue with employment on the grounds of their ill health and who satisfy the conditions for ill-health retirement.

6.2 Redundancy Payments

Where an employee is made redundant, severance benefits may be payable subject to the conditions and terms of the redundancy. Where a redundancy payment is made, they are calculated on the basis of 1.5 weeks gross pay for every complete year of service up to a maximum of 104 weeks. This calculation applies equally across all pay grades.

6.3 Re-engagement of Former Employees

The Council's policy is that there is no general restriction on any future re-employment of an employee who has been made redundant or who is in receipt of a Local Government or other public sector pension. In fact, to adopt policies to the contrary could be subject to challenge under equalities legislation. However, re-employment must be on merit and should be unconnected with the redundancy, except where alternative employment is found and pension and redundancy payments are returned in accordance with the relevant legislation. The Council does not approve of redundancy or early retirement, and immediate re-employment of staff either as direct employees, via an agency, or on a consultancy basis. If there are any exceptional circumstances that might appear to justify such arrangements, these must be agreed with the appropriate Corporate Director, the Head of Finance and the Head and HR and Monitoring Officer.

7 Fairness in pay

7.1 The Council recognises the importance of fairness in pay. Pay and reward policies are applied equally to all employees, except where there are good reasons reflecting genuine factors which apply only to certain employee categories. The following apply:-

- the Council's Administration and Regulation Committee is responsible for setting the Terms and Conditions of Employment of all employees within the scope of this Statement, and
- the workforce and trades unions are consulted on all employment matters, including pay and reward.

8 Publication of and access to information relating to pay

8.1 The Council publishes information about pay in accordance with statutory requirements, and the guidance of the Information Commissioner's Office and the Department of Communities and Local Government. Information is published on the Council's website in the Council's annual accounts. A list of posts earning over £50,000 is published annually on the Council's website.

9 Review

9.1 The Council will continue to review all pay levels to ensure fairness and equity. Any changes will be reflected in an updated pay policy. The statement for 2015/16 will be submitted to Full Council for approval by 31st March 2015.