

Pay Policy Statement – 2017/2018

1. Introduction and Purpose

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”. This Pay Policy Statement (the ‘statement’) 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 most senior staff i.e. ‘chief officers’, as defined by the relevant legislation;
- the Chief Executive (as the Head of Paid Service) is responsible for ensuring the provisions set out in this statement are applied consistently throughout the Council and recommending any amendments to the Council.

Once approved by the Council, this policy statement will come into immediate effect and will be subject to review on a minimum of an annual basis, the policy for the next financial year being approved by 31st March each year.

The introduction of the Code of Practice for Local Authority on Data Transparency 2015 places additional duties on Local authorities in terms of publication of pay details which are included in the document. The Code also requires the publication of Trade Union Facility Time and the annual publication of organisation structure charts which are contained in Appendix 1.

2. Other legislation relevant to pay and remuneration

In determining the pay and remuneration of all of its employees, the Council will comply with all relevant employment legislation. This includes legislation such as the Equality Act 2010, Part Time Employment (Prevention of Less Favourable Treatment) Regulations 2000 and where relevant, the Transfer of Undertakings (Protection of Earnings) Regulations 2006.

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 job evaluation mechanisms, which directly establish the relative levels of posts in grades according to the requirements, demands and responsibilities of the role.

3. Pay and Grading 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, which determines the salaries of its employees (published on the intranet). The actual salary levels for each post other than Chief Officers are determined by reference to the Council’s job evaluation scheme. This is a national scheme.

The Council adopts the national pay bargaining arrangements in respect of the establishment and revision of the national pay spine, for example through any agreed annual pay increases negotiated with the National Joint Council of Local Authority Services

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.

In determining its grading structure and setting remuneration levels for any posts which fall outside its scope, the Council takes account of the need to ensure value for money in respect of the use of public expenditure, balanced against the need to recruit and retain employees who are able to meet the requirements of providing high quality services to the community, delivered effectively and efficiently and at times at which those services are required.

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. Where the appointment salary is above the minimum point of the pay scale this will be within the discretion of the appointing officer applies under the Recruitment and Selection Policy.

From time to time it may be necessary to take account of the external pay levels in the labour market in order to attract and retain employees with particular experience, skills and capacity. Where necessary, the Council will ensure the requirement for such is objectively justified by reference to clear and transparent evidence of relevant market comparators, using data sources available from within the local government sector and outside, as appropriate, in accordance with the Market Factor Supplement Policy.

Any temporary supplement to the salary scale for the grade is approved in accordance with the Market Factor Supplement Procedure and the Acting up and Honoraria Procedure.

All employees are covered by the National Joint Council Agreement on Pay and Conditions of Service except for Chief Officers who are covered by a separate National Joint Council Agreement for Chief Officers of Local Authorities.

Salary levels for Chief Officers were set by Council after consideration of an independent review which was undertaken externally by North West Employers Organisation (NWEO) in 2012. The determination of any new salary structure is undertaken in accordance with the guidance produced by the Joint Negotiating Committees for Chief Executives and Chief Officers which says that when deciding the level of remuneration the following factors should be considered:

- The Chief Executive's salary and that of senior staff not covered by the Chief Officers' JNC;
- Any special market considerations;
- Any substantial local factors not common to authorities of similar type and size.
- Comparative salary information from other similar authorities;
- Top management structures and the size of the management team compared to those of other authorities of similar type and size;
- The relative job size of each post, as objectively assessed.

There is no separate provision for Chief Officers in relation to the Council's general employment policies and statements. Arrangements for Chief Officers are dealt with in accordance with the Council's ordinary policies.

4. Senior Management Remuneration

Details of the senior management remuneration are included below:

| Job Title | Points | Salary |
|----------------------|--------|---------------------------|
| Chief Executive | 1 | £102,010 |
| Corporate Director** | 3 | £73,876, £75,957, £78,038 |
| Heads of Service** | 3 | £46,823, £48,904, £50,985 |

** An individual's progression through the relevant pay scale is annual increments subject to satisfactory performance.

Returning Officer

The designation of the Returning Officer currently sits with the Corporate Director. The Council is required to provide funding to the Returning Officer to discharge statutory functions relating to the administration of local government elections. The Returning Officer will make payments to those officers who undertake specific duties in relation to the elections in accordance with their role.

Monitoring Officer and Deputy

The designation of the Monitoring Officer currently sits with the Head of Governance. The Monitoring Officer is paid on the normal salary for a Head of Service, with an additional 10% annual allowance in recognition of their particular statutory responsibilities. The Deputy Monitoring Officer is paid an additional £1000 per annum, on top of their salary.

Section 151 Officer and Deputy

The designation of the Section 151 Officer currently sits with the Head of Financial Services. The Section 151 Officer is paid on the normal salary for a Head of Service, with an additional 10% annual allowance in recognition of their particular statutory responsibilities. The Deputy 151 is paid an additional £1000 per annum on top of their salary.

Further details are published in the Council's Annual Statement of Accounts.

5. Recruitment of Chief Officers

The Council's policy and procedures with regard to recruitment of Chief Officers is set out within section 8.5 of the Constitution.

When recruiting to all posts the Council will take full and proper account of all provisions of relevant employment law and its own equal opportunities in Recruitment & Selection, and Change Management Policy.

The determination of the remuneration to be offered to any newly appointed Chief Officer will be in accordance with the pay structure and relevant policies in place at the time of recruitment.

6. Additions to Salary of Chief Officers

To meet specific operational requirements it may be necessary for an individual to temporarily take on additional duties to their identified role. The Council's arrangements for authorising any additional remuneration (e.g. honoraria, ex gratia, 'acting up') relating to temporary additional duties are the same for all officers and are set out in the Acting up, Honorarium & Secondment Policy.

The Senior Management team receive an on-call/standby fee, where required. The same rate is applicable for all employees who undertake on call/standby cover.

Essential car user may be paid to the senior management team providing their role meets the criteria which is applicable to all employees.

In addition to basic salary, the following posts receive additional pay as set out below;

| Post / Tier of post | Payment details |
|----------------------------|--|
| Corporate Director | <p>The designation of Returning Officer is made by Full Council and currently sits with the Corporate Director.</p> <p>The fees paid for Returning Officer services are as follows :</p> <p>In accordance with the national agreement the Returning Officer is entitled to receive and retain the personal fees arising from performing the duties of the RO, ACT, DRO or DARO and similar position which they perform subject to the payment of pension contributions thereon, where appropriate.</p> <p>In respect of Borough and Parish Council elections the fee is based on a calculation of £100 per Borough Ward and £100 per contested parish.</p> <p>Fees for elections duties for other elections (County Council, National and European, etc.) are paid as an additional sum at the rate prescribed by government as and when they arise, they are distinct from the process for the determination of pay for Chief Officers.</p> <p>Some officers may attract a supplement for deputy returning officer duties</p> |
| Statutory Officers | Salary supplements payable for fulfilling statutory officer duties (e.g. S151 / MO) |

7. Bonus Payments

The Council does not operate any variable pay or bonus schemes.

8. Pension Contributions

Where employees have exercised their statutory right to become members of the Local Government Pension Scheme, the Council is required to make a contribution to the scheme representing a percentage of the pensionable remuneration due under the contract of employment of that employee. The rate of contribution is set by Actuaries advising the Cumbria Pension Fund and reviewed on a triennial basis in order to ensure the scheme is appropriately funded. The rate to be used in the financial year 2017/18 is 14.5%.

The employee contribution rates are based on actual pensionable pay as detailed in the table below. These rates are published each year. At time of publication of this pay policy, the 2017/18 rates have not been published.

| Contribution table 2015/16 | |
|-----------------------------|----------------------------|
| Actual Pensionable Pay £ | Employee contribution rate |
| Up to £13,600 | 5.5% |
| £13,601 - £21,200 | 5.8% |
| £21,201 - £34,400 | 6.5% |
| £34,401 - £43,500 | 6.8% |
| £43,501 - £60,700 | 8.5% |
| £60,701 - £86,000 | 9.9% |
| £86,001 - £101,200 | 10.5% |
| £101,201 - £151,800 | 11.4% |
| £151,801 or more | 12.5% |

9. Payments on Termination

The Councils approach to statutory and discretionary payments on termination of employment of Chief Officers, prior to reaching normal retirement age, is the same as for all employees set out within its Pension Discretion Policy in accordance with Regulations 5 and 6 of the Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations 2006 and Regulation 12 of the Local Government Pension Scheme (Benefits, Membership and Contribution) Regulations 2007.

10. Pay Analysis

Median Salary

This calculation is made including all staff within the paid services of the Council, including the Chief Executive. The median salary using the December 2016 payroll was £24,964. This is based on a staffing number of 249 and total remuneration of £6,142,481.31 (based on all posts at their full-time equivalent rate).

Lowest paid employees

Using December 2016 payroll data, the lowest paid employee was on a salary of £14,514, however the Council pays the Living Wage Foundation Wage, which is currently £8.45 per hour. This means that the lowest employee is actually paid £16,302 per annum.

Apprentices are appointed to Allerdale Borough Council on the Living Foundation Wage

Pay Multiple

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 average full time salary throughout the Authority is £26,805 with the highest salary being £101,000 per annum. Therefore, the 'pay multiple', the ratio between the highest paid salary and the median salary (£24,964) of the whole of the authority's workforce, is 1:4 (as at December 2016).

As part of its overall and ongoing monitoring of alignment with external pay markets, both within and outside the sector, the Council will use available benchmark information as appropriate. In addition, upon the annual review of this statement, the Council will also monitor any changes in the relevant 'pay multiples' and benchmark against other comparable local authorities.

11. Trade Union Facility Time

The Code of Practice on Data Transparency 2015 requires that Councils produce a basic estimate of time spent on union activities. The following information is what is what has to be published

- Total number of staff who are union representatives
- Total number of union representatives who devote at least 50 per cent of their time to union duties
- Names of all trade unions represented in the local authority
- A basic estimate of spending on trade unions (calculated as the number of FTE equivalent days spent on union duties multiplied by the average salary)
- A basic estimate of spending unions as a % of the total pay bill

There are currently 6 employees who are official union representatives.

Representatives are currently not asked to record the amount of time that they spend on union activities, no union representation spends 50% of their time consistently every week on trade union activities.

The union that is represented in the Council is Unison

A basic estimate as a proportion of the total pay bill is 0.04% (£27,124* divided by total pay bill x 100). This is based on the total number of union representatives combined salaries divided by the number of union representatives.

*this is the total of all the union representatives salaries divided by the number of union representatives based on union activity being 1 day a week across all of the representatives divided by the Councils pay bill x100.

12. Publication

Upon approval by the Full Council, this statement will be published on the Council's website.

13. Accountability and Decision Making

In accordance with the Constitution of the Council, the Head of Paid Service, Chief Officer Employment Panel and Council are responsible for decision making in relation to the recruitment, pay, terms and conditions and severance arrangements in relation to Chief Officers of the Council.

14. Re-employment/Re-engagement of former Chief Officers

The Council will not normally employ or engage under a contract of service Chief Officers who have previously received a redundancy or severance payment or who are in receipt of a pension under the Local Government Pension Scheme.

The Small Business, Enterprise & Employment Act 2015 makes provision requiring the repayment of some or all of any qualifying exit payment in qualifying circumstances.

15. Gender Pay Gap Reporting

From April 2017 mandatory gender pay reporting will be required of all employers with over 250 employees. The gender pay gap is a measure of the difference between men's and women's average earnings across the organisation. It is expressed as a % of men's earnings.

Salaries at Allerdale Borough Council are determined through a job evaluation scheme (NJC). Job evaluation evaluates the job and not the post holder. It makes no reference to gender or any other personal characteristics of existing or potential job holders. Allerdale is confident that it is paying the same salary to roles of equal value.

The data below represents the gender pay gap data for Allerdale as at the end of March 2017. The data where appropriate had been broken down by both full-time and part-time staff. This is to aid understanding and also help identify any issues arising within the part-time staff population.

66% of Allerdale's workforce is female of which 31.5% are part-time staff.

Table 1: Overall gender pay gap full and part time (all employees)

| | Overall median pay gap | Overall mean pay gap |
|----------------|------------------------|----------------------|
| Female | £11.27 | £12.65 |
| Male | £14.62 | £15.41 |
| Pay gap | 23% | 18% |

Many organisations calculate their pay gap in a variety of ways and there is no single measure that adequately deals with the complex issue of differences between men's and women's pay, the Office of National Statistics (ONS) currently use median hourly earnings excluding overtime when calculating the gender pay gap.

- The median level of earnings reflects the mid-point value if all of a company's employees' earnings are arranged in order and is less affected by very high or very low figures.

Using hourly earnings better accounts for the fact that men on average work more hours than women

Quartile Summary

The quartile data has been calculated in accordance with the methodology as set out in the Mandatory Gender Pay Gap Reporting – Public Sector Employers Government Consultation document.

It recommends that:

“Employers will need to calculate their quartile data by dividing the workforce into four equal sized groups. These four groups will be separated according to the hourly pay rate, starting from the lowest paid to the highest paid. This approach has been adopted in preference to calculating quartiles by dividing the overall pay distribution into four equal proportions. Splitting the data into equal groups by salary range could result in very small groups e.g. an entire quartile based on the Chief Executive's salary.”

Table 2: Mean hourly pay

| | Female | | Male | | Pay Gap |
|--|-------------|-----|-------------|-----|---------|
| | Hourly Rate | No: | Hourly Rate | No: | |
| Quartile 1 Grade A, B,C,D,E | £9.28 | 56 | £8.97 | 17 | -3% |
| Quartile 2 Grade E, F,G | £11.77 | 47 | £11.85 | 17 | 1% |
| Quartile 3 Grade G, H,I | £15.08 | 40 | £15.27 | 25 | 1% |
| Quartile 4 Grade I, J,K,L,M,N,O,P HOS,CD,CE | £19.26 | 22 | £22.11 | 28 | 13% |

Allerdale Borough Council recognises that there are disproportionately fewer women in senior positions (quartile 4), in particular those earning over £36,937 which is equivalent to an hourly rate of £19.15.

Quartile 4 shows that in the higher pay grades there are more males than females employed.

Table 4: Distribution of gender in £10,000 increments

| Salary Range | Female | Male | Total |
|--------------------|------------|-----------|------------|
| < £20,000 | 56 | 17 | 73 |
| £20,001 - £30,000 | 70 | 27 | 97 |
| £30,001 - £40,000 | 37 | 34 | 71 |
| £40,001 - £50,000 | | 2 | 2 |
| £50,001 - £60,000 | 2 | 5 | 7 |
| £60,001 - £70,000 | | | |
| £70,001 - £80,000 | | 1 | 1 |
| £80,001 - £90,000 | | | |
| £90,001 - £100,000 | | | |
| £100,001 | | 1 | 1 |
| Total | 165 | 87 | 252 |

Many organisations calculate their pay gaps in a variety of ways and there is no

Although average hourly pay provides a useful comparison of earnings of men and women, a gender pay gap does not necessarily signify unlawful discrimination or reveal differences in rates of pay for comparable jobs.

The council will continue to work in partnership with UNISON to review policies, equality and inclusion, maternity and paternity and people development. The Council has recently approved a new Time management policy to increase flexible working

across the Council which may help to make our more senior roles more attractive to candidates with caring responsibilities.

Gender pay information will be contained in the Council pay policy each year

Ian Frost
Chief Executive

