

Pay Policy Statement 2020/21

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1. Scope of this pay policy statement 2020/21

- 1.1 This Pay Policy statement is produced in accordance with Chapter 8 of the Localism Act 2011. It was approved by the Administration & Regulation Committee at a meeting of the Committee on 15 July 2020. It is made available on the council's website.
- 1.1 Included in this Pay Policy Statement 2020/21 ("this statement") are the council's pay and reward policies for 2020/21 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. Centrally employed teachers are covered by Teachers pay and terms and conditions. Soulbury employees are paid according to pay rates that are set nationally. In the interests of transparency, these are outlined 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 Service Director, Human Resources 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, Corporate Directors, and Service Directors.
- 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 pay awards as and when 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 and exclude apprentices. Please see section 5.5 and 5.6
- 2.4 Employees at the council on Soulbury Committee terms and conditions include educational improvement professionals and educational psychologists.
- 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.

2.6 Bodies that negotiate pay, and terms and conditions and the employee groups affected are as follows:

Negotiating body	Employee groups affected
Soulbury Committee	Educational improvement professionals and educational psychologists
National Joint Council (NJC) for Local Government Services	Pay grades Scale L1a to L7 and M1 to M8
National Employers' Organisation for School Teachers (NEOST)	Centrally employed qualified and unqualified teachers
Joint Negotiating Committee (JNC) for Chief Executives of Local Authorities	Chief Executive
Joint Negotiating Committee (JNC) for Chief Officers of Local Authorities	Corporate Directors and Service Directors

3. Pay determination

- 3.1 Pay levels for all employees (except Teachers and those on Soulbury rates) are determined by the Hay job evaluation scheme (for pay grades L1a – M8), or the Inbucon job evaluation scheme (for the Chief Executive, Corporate Directors and Service Directors).
- 3.2 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.
- 3.3 Soulbury employees are placed on nationally defined grading structures. The four point pay grades are based on the nationally defined Soulbury pay structures and pay spine.
- 3.4 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).
- 3.5 Appointment - the point at which an individual will be appointed within the pay grade will normally be the minimum of the scale. However, appointment may be at a higher point within the scale where justified.
- 3.6 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 nine month probationary period before being eligible to receive an increase.

- 3.7 For those on Soulbury pay grades, the pay scale can be extended on an individual basis by up to three additional Structured Professional Assessment (SPA) pay points subject to the employee meeting specific laid down criteria.
- 3.8 Progression schemes - some posts are subject to a progression scheme or 'recruit for potential' that spans more than one pay grade. Movement from one pay grade to another is subject to the employee meeting specific laid down criteria.
- 3.9 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.
- 3.10 A "hard to fill" post is one where there have 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 a council post against relevant market rates for similar posts and is subject to review after a maximum of two years.
- 3.11 In practice market supplement payments are made either monthly alongside normal pay or annually in advance and are subject to the employee remaining in post for a prescribed period.
- 3.12 'Sleeping-in' pay supplement – please refer to 10.
- 3.13 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.
- 3.14 Car benefit - the council pays an allowance to all 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
Service Directors	£3,990
Corporate Directors	£4,515
Chief Executive	£5,618

- 3.15 Other car allowances - for grades L1a-L7 and M1-M2, the council pays essential car user allowance (ECU) and casual car user allowance 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.
- 3.16 Other allowances - the council pays a range of additional allowances where employees are required to work unsocial hours or to undertake specific additional responsibilities (e.g first aider, practice educator, approved mental health practitioner) or where they incur specific expenditure as required by their job (e.g. the purchase of tools and equipment).

3.17 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	£179,259*	£195,616*	4 (SCP 12 to 15)	£5,618	£184,877 to £201,234

*April 2020 rates, including 2020 pay award.

4.2 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.

4.3 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.

4.4 Corporate Directors report to the Chief Executive.

Pay Grade	Min	Max	Increments	Car benefit	Total
Director 1	£121,928*	£133,701*	5	£4,515	£126,443 to £138,216*

* April 2020 rates, including 2020 pay award.

4.5 Pay ceiling is £133,701 plus £4,515 totalling £138,216 per annum as at 1 April 2020. The value of a Corporate Directors' pay will be increased by the pay awards notified from time to time by the Joint Negotiating Committee for Chief Officers of Local Authorities. The pay award for 2020 has been agreed.

4.6 The Corporate Director posts within the council at present are:-

Corporate Director, London Luton Airport LTD

Corporate Director, Customer and Commercial

Corporate Director, Children, Families and Education Services

Corporate Director, Place and Infrastructure

Corporate Director, Public Health and Wellbeing

4.7 Service Directors report to the Corporate Directors except for the Service Director, Policy, Communities and Engagement who reports to the Chief Executive.

Pay Grade	Min	Max	Increments	Car benefit	Total
Service Director 1	£79,843*	£87,136*	5	£3,990	£83,833 to £91,126

*April 2020 rates, including 2020 pay award

- 4.8 Current pay ceiling is £87,136 plus £3,990 totalling £91,126 per annum as at 1 April 2020. The value of Service Director pay will be increased by the pay awards notified from time to time by the Joint Negotiating Committee for Chief Officers of Local Authorities. The pay award for 2020 has been agreed.
- 4.9 The council's Monitoring Officer role falls within the remit of the post of Service Director, Human Resources and Monitoring Officer, the pay range for which is the same as for Service Directors described above. Likewise, the 'Section 151' duties fall within the Service Director, Finance, Audit and Section 151 role and are within the pay range described for Service Directors.
- 4.10 Service Director posts within the council are:-
- Service Director, Policy, Communities and Engagement
 - Service Director, Transformation and Technology
 - Service Director, Finance, Audit and Section 151 Officer
 - Service Director, Human Resources and Monitoring Officer
 - Service Director, Customer Solutions (subject to Full Council approval)
 - Service Director, Housing
 - Service Director, LLAL
 - Service Director, Operations, Statutory Social Work Services, Early Help and Prevention
 - Service Director, Quality and Improvement
 - Service Director, Education,
 - Service Director, Property and Construction
 - Service Director, Planning and Transport
 - Service Director, Public Protection
 - Service Director, Public Realm
 - Service Director, Inclusive Growth
 - Service Director, Adult Social Care
 - Service Director, Healthy Lives & Children's Integrated Commissioning
 - Service Director, Healthcare & Adults Commissioning

5. Remuneration of other employees

- 5.1 Soulbury employees are paid according to the nationally agreed rates as determined by the Soulbury Committee and in line with section 3.3 above. The council cannot influence these pay rates that are as follows:

- 5.2 Soulbury Educational Improvement Professional pay range has been SCP 1 £36,419 – SCP 50 £96,392 from 1 September 2020 until 31 August 2021.
- 5.3 Soulbury Educational Psychologists pay range has been SCP 1 £38,197 – SCP 11 £56,554 from 1 September 2020 until 31 August 2021.
- 5.4 Soulbury Senior and Principal Educational Psychologists pay range is SCP 1 £47,889 – SCP18 £70,850 from 1 September 2020 until 31 August 2021.
- 5.5 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 has, since 1 April 2019, been using the national pay range SCP1-SCP43 which had been extended to SCP 57 by local agreement.
- 5.6 The pay range is divided into 16 pay grades, which have (since 1 April 2019) each contained between one and six pay points. The salary figures quoted below are those effective from 1 April 2020 following agreement of the pay award for 2020. 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.

Pay Grade	Min £	Max £	Increments	Car benefit
L1a	17842	17842	1	0
L1b	18198	18562	2	0
L2	18933	19312	2	0
L3	19698	20493	3	0
L4	20903	23080	6	0
L5	23541	25991	6	0
L6	26511	29577	5	0
L7	29577	32234	4	0
M1	32234	34728	4	0
M2	35745	38890	4	0
M3	39880	42821	4	3,203
M4	42821	45859	4	3,203
M5	45859	48804	4	3,203
M6	52111	55100	4	3,203
M7	55100	58092	4	3,203
M8	60325	67027	5	3,203

- 5.7 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 post subject to job evaluation at the council is paid at a SCP that is lower than SCP 1 i.e. pay grade L1a.
- 5.8 The values of the SCPs in the pay grades are increased by the pay awards notified from time to time by the National Joint council for Local Government Services.
- 5.9 Foundation living wage - from 1 October 2014 the council agreed to adopt the Foundation ‘Real’ Living Wage rate, subject to an annual review when the uplifted rate was published. Since this time, the council has paid a supplement to basic pay, whenever the lowest pay

points fell below the Foundation 'Real' Living Wage. The council's salary scales remained unchanged.

- 5.10 The Foundation 'Real' Living Wage increased to £9.30 per hour on the 1 April 2020. As spinal column point 1 on the NJC 2020 pay spine falls below £9.30 per hour, a supplement to basic pay is applied to this pay point.
- 5.11 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.
- 5.12 The Government's Code of Recommended Practice on Data Transparency recommends the publication of the ratio between highest paid earnings and the median earnings of the whole of the authority's workforce. The council does not set a ratio ceiling within its pay policy for senior officers.
- 5.13 The pay levels within the council define the multiple between the lowest paid (FTE) employees (£17942 as at 1 October 2020) and the Chief Executive (£190330 as at 1 October 2020) as 10.6:1. This is an increase from 10.37:1 from the previous year due to incremental progression of the Chief Executive.
- 5.14 Based on data as at 1 October 2020 the multiple between the median full time equivalent earnings (£25991) and the Chief Executive's salary is 7.1:1. This is a slight increase from 6.9:1 in the previous year due to the relative values of incremental progression for those on median pay when compared to the incremental progression value for the Chief Executive.

6. Termination of employment (severance) – see also section 10

- 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 who transferred over to the council 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 allows 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.

An amendment to the LGPS effective from 1 April 2014 allows employees aged between 55 and 75 to choose to access their pension; however, it is at a reduced rate if taken before normal retirement age. The introduction of Auto Enrolment means that new employees to

the council, who meet certain criteria, automatically join the LGPS. The council monitors membership of the scheme.

- 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, it is 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.
- 6.4 The council does not approve of redundancy or early retirement due to redundancy 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 Service Director, Finance, Audit and Section 151 Officer and the Service Director, Human Resources and Monitoring Officer.
- 6.5 Contingent workers are people who are not on the council's payroll but provide services to the organisation, such as contractors, consultants, temps and advisers. They are used to fill short term capacity gaps or deal with specific projects. The council is continually reviewing and is committed to reducing its use of a contingent workforce.

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.
- 7.2 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 for Communities and Local Government. Information is published on the council's website in the council's annual accounts.

9. Gender pay gap

- 9.1 The council is required by law to carry out Gender Pay Gap (GPG) reporting under the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017. GPG reporting is used to assess the levels of gender equality in the workplace and the balance of male and female employees at different levels. This involves carrying out calculations that show the difference between the average earnings of men and women at the council. It does not involve publishing individual employee data.
- 9.2 Information on the council's gender pay gap at the snapshot date of 31 March 2019 can be found here:
https://www.luton.gov.uk/Council_government_and_democracy/Lists/LutonDocuments/PDF/Gender-pay-gap-data-2019.pdf

This information is also published on the government's gender pay gap website.

10. Legislative changes

- 10.1 Recent and forthcoming changes continue to affect local authorities. For example "The restriction of Public Sector exit payments regulations 2020, came into force on 4th November 2020. These regulations alongside the outcomes from the Ministry of Communities, Housing and Local Government's consultation on changes to the Local Government Pension Scheme regulations, will entail changes to the council's policies for payments on termination.
- 10.2 The council will amend its policies, procedures and practices to ensure that it complies with its legislative duties and will ensure that employees are advised of the changes.

11. Review

- 11.1 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 2020/21 was submitted to full council on 28 July 2020 but would ordinarily be submitted annually for approval by the 31 March. The delay in submission for approval was due to the Covid-19 pandemic.