

# Pay Policy Statement

2024/25

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## Document History

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# 1. Scope of this pay policy statement 2024/25

- 1.1 Luton Council aims to have a comprehensive remuneration package that is appropriate and fair for all levels of role and responsibility; ensuring that transparency and equality underpins any rewards.
- 1.2 This Pay Policy statement sets out the council's approach to pay policy in accordance with the requirements of Chapter 8, section 38 of the Localism Act 2011. It is being considered for approval by the Administration & Regulation Committee at their meeting of the Committee on 15 February 2024.
- 1.3 Once approved by Full Council, this policy statement will come into immediate effect and will be subject to review on a minimum of an annual basis in accordance with the relevant legislation prevailing at that time. It is made available on the council's website.
- 1.4 Included in this Pay Policy Statement 2024/25 are the council's pay and reward policies for 2024/25 that are designed to enable the council, as an employer, to retain competitiveness in the market place, and to maintain affordability of employment costs
- 1.5 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.
- 1.6 Soulbury employees are paid according to pay rates that are set nationally. In the interests of transparency, these are outlined at sections 5.1 to 5.4.
- 1.7 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, customer and organisation development 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, 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.
- 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:

<b>Negotiating body</b>	<b>Employee groups affected</b>
<b>Soulbury Committee</b>	Educational improvement professionals and educational psychologists
<b>National Joint Council (NJC) for Local Government Services (Green Book)</b>	Pay grades Scale L1a to L7 and M1 to M8
<b>National Employers' Organisation for School Teachers (NEOST)</b>	Centrally employed qualified and unqualified teachers
<b>Joint Negotiating Committee (JNC) for Chief Executives of Local Authorities</b>	Chief Executive
<b>Joint Negotiating Committee (JNC) for Chief Officers of Local Authorities</b>	Corporate Directors, 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 Korn Ferry (previously known as Hay) job evaluation scheme (for pay grades L1a to M8), or the Inbucon job evaluation scheme (for the chief executive, corporate directors, 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) except for grades L1a and L1b which are 'spot' grades of only one spinal column point. 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.

In exceptional cases, employees' pay can be accelerated to a higher increment with clear justification and service director/director approval. New starters must complete a six 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 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.
- 3.13 Car benefit; the council pays an allowance to all employees that are graded M3 and above, mileage is paid at a reduced local rate.

<b>Pay grade</b>	<b>Car benefit amount</b>
M3 to M8	£3,203
Service Directors/Directors	£3,990
Corporate Directors	£4,515
Chief Executive	£5,618

- 3.14 Other car allowances - for grades L1a to L7 and M1 to 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 and have conditions attached to them.

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.

- 3.15 Other allowances; the council pays a range of additional allowances where employees are required to work unsocial hours or to undertake specific additional responsibilities (eg first aider, practice educator, approved mental health practitioner) or where they incur specific expenditure as required by their job (eg the purchase of tools and equipment).

Uplifts in allowances agreed through the National Joint Council (NJC) for Local Government Services (Green Book) pay award process are also applied to the tool allowance paid to employees in former craft worker positions which were formerly on NJC Local Authority Craft and Associated Employees (Red Book) terms prior to single status.

- 3.16 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 performance 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	£190309*	£207492*	4 (SCP 12 to 15)	£5,618	£195927 to £213110

\* 2023/24 rates: 2024/25 rates have yet to be agreed

- 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
Corporate Director	£130,081*	£142,449*	5	£4,515	£134,596 to £146,964*

\* 2023/24 rates: 2024/25 rates have yet to be agreed

- 4.5 Pay ceiling is £142,449 plus £4,515 totalling £146964 per annum as at 1 April 2023. 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.

4.6 The corporate director posts on corporate director pay and reporting to the chief executive within the council at present are:

- Corporate director, Inclusive Economy
- Corporate director, Children, Families and Education
- Corporate director, Population Wellbeing
- Corporate director, Airport

The deputy chief executive duties are aligned to the corporate director, Population Wellbeing.

4.7 All employees on service director pay report to corporate directors. Post titles are either Service Director or Director.

Pay Grade	Min	Max	Increments	Car benefit	Total
Service Director 2	£95,362*	£101,077*	4	£3,990	£99,352 to £105,067
Service Director 1	£85,870*	£93,531*	5	£3,990	£89,860 to £97,521

\*2023/24 rates: 2024/25 rates have yet to be agreed

4.8 Current pay ceiling for Service Director 1 is £93,531 plus £3,990 totalling £97,521 per annum as at 1 April 2023; the current pay ceiling for Service Director 2 is £101,077 plus £3,990 totalling £105,067 at the same date. 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.

4.9 Posts at service director level within the council are:

- Service Director, Citizen Engagement and Legal Services – SD1
- Service Director, Information Technology – SD1
- Director of Finance, Revenues and Benefits (Section 151 Officer) – SD2
- Director, Children’s Operation - SD2
- Service Director, Quality and Improvement – SD1
- Director, Education- SD2
- Director of Adult Social Services (DASS) – SD2
- Director of Housing – SD2
- Director of Public Health – SD2
- Director, Customer and Organisation Development – SD2
- Director, Sustainable Development – SD2
- Service Director, Inclusive Growth – SD1
- Director, Neighbourhood Services – SD2
- Director, Property and Infrastructure – SD2
- Service Director, London Luton Airport Ltd & Monitoring Officer – SD1

## 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 the Soulbury pay rates that are currently as follows:

- Soulbury educational improvement professional pay range has been SCP 1 £40540 to SCP 52 £112491 from 1 September 2023 until 31 August 2024

- Soulbury educational psychologists pay range has been SCP 1 £42422 to SCP 13 £63836 from 1 September 2023 until 31 August 2024
- Soulbury senior and principal educational psychologists pay range is SCP 1 £52678 to SCP 21 £86587 from 1 September 2023 until 31 August 2024

- 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 complies with the national pay range SCP2 to SCP43 which had been extended to SCP 57 by local agreement.
- 5.3 The pay range is divided into 16 pay grades, which each contain between one and six pay points. As part of the 2022 NJC pay deal it was agreed that from 1 April 2023 Spinal Column Point 1 (SCP1) would be permanently deleted from the NJC pay spine.
- 5.4 As a result this committee agreed at their January 2023 meeting that with effect from 1 April 2023 all those whose pay on 31 March 2023 attracted pay at SCP 1 (L1A) moved to SCP 2 (based on the 2022/23 pay spine).
- 5.5 Additionally with effect from 1 April 2023 L1B attracted pay at SCP 3 (based on the 2022/23 pay spine) with no incremental progression. With effect from 1 April 2023 all those whose pay on 31 March 2023 attracted pay at SCP 2 (L1B) moved to SCP 3 (based on the 2022/23 pay spine).
- 5.6 The salary figures quoted below are those that have been agreed from 1 April 2023, (based on the pay award for 2023/24) until such time as the 2024/25 pay award is agreed. The pay awards for 2023/24 were agreed in October 2023. 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	22366	22366	1	0
L1b	22737	22737	1	0
L2	23114	23500	2	0
L3	23893	24702	3	0
L4	25119	27334	6	0
L5	27803	30296	6	0
L6	30825	33945	5	0
L7	33945	36648	4	0
M1	36648	39186	4	0
M2	40221	43421	4	0
M3	44428	47420	4	3,203
M4	47420	50512	4	3,203
M5	50512	53584	4	3,203
M6	57080	60239	4	3,203
M7	60239	63402	4	3,203
M8	65762	72846	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 will be paid at a SCP that is lower than SCP2 ie pay grade L1a.

Where employees are transferred into the council's employment under the Transfer of Undertaking Protection of Employment Regulations (TUPE), their rate of pay and terms and conditions at the point of transfer, is protected by law. Twenty of the thirty employees who transferred to the council on 1 March 2023 were then paid at a higher rate of pay than the council's lowest paid employees. Once the NJC backdated pay award was agreed in November 2023, some of these employees became our lowest paid employees.

- 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. The pay awards for 2023/24 were agreed in November 2023.
- 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 had 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 At their meeting on 16 January 2024 the Administration and Regulation Committee adopted the uplifted Foundation (real) Living Wage (FLW) rate of £12.00 per hour by applying pay supplements to the lowest three spinal column points (SCPs 2, 3 and 4) on the NJC pay spine with effect from 1 April 2024. These supplements will be paid until the 2024/25 pay award is implemented following which any necessary pay supplements will be adjusted to match the real Living Wage.
- 5.11 The committee also agreed that a FLW supplement should be applied to the pay of those TUPE'd into the council where their basic pay falls below £12.00 per hour with effect from 1 April 2024.
- 5.12 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.
- 5.13 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.
- 5.14 The pay levels within the council define the multiple between the lowest paid (FTE) employees (£20875.4 as at 31 March 2024) and the Chief Executive (£207492 as at 31 March 2024) will be 9.9:1, pending the application of the real Living Wage and the 2024/25 pay award. This is a small increase from 9.5:1 reported in the previous year (2023/24) due to the static lower salary paid to the TUPE'd employees.
- 5.15 Based on data as at 30 November 2023 the multiple between the median full time equivalent salary with the 2023/24 pay award applied (£33945) and the chief executive's



salary is 6.1:1. This is a marginal decrease from 6.3:1 in March 2023 as a result of the chief executive's 3.5% pay award being tempered by the effect of the flat rate pay award (£1925 pa) across the NJC pay points from 1 April 2023.

## 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 who transferred over to the council on NHS Terms and Conditions.

For members of the LGPS made redundant on their 55<sup>th</sup> 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 local government 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 Director of Finance, Revenue and Benefits (Section 151 Officer) and the Director, Customer and Organisation Development.

- 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 council has a clear policy of paying employees equally for the same or equivalent work, regardless of their sex or any other protected characteristic. As such, the council:
- carries out pay and benefits audits at regular intervals
  - evaluates job roles and pay grades as necessary to ensure a fair pay structure, and,
  - publishes annually a Pay Policy Statement which sets out clearly the Council's pay matters.
- 7.3 In addition, 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 Levelling up, Housing and Communities. 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 2023 will be published on the council's website and the government's gender pay gap website once approved by the council at their meeting on the 19 March 2024.

## 10. Ethnicity pay gap

- 10.1 Whilst it is not a legislative requirement for the council to report its Ethnicity Pay Gap (EPG) data has been analysed since 2020 to complete this work for the council's centrally

employed workforce. The EPG is currently reported to Administration and Regulation Committee on an annual basis alongside the GPG report.

## 11. Legislative changes

- 11.1 A number of employment law changes are likely to be brought into force over the next year. The Employment Rights (Amendment, Revocation and Transitional Provision) Regulations 2023 (the Regulations) seek to address the Government's response to consultation in a number of areas including simplifying annual leave and holiday pay calculations in the Working Time Regulations
- 11.2 There remain a number of pieces of legislation not yet in force which have not been removed from Parliament's work programme; such as the Trade Union (Deduction of Union Subscriptions from Wages in the Public Sector) Regulations and the Restriction of Public Sector exit payments regulations 2020 and the associated changes to the Local Government Pension Scheme regulations. All of the above will entail changes to the council's policies and procedures and its Pay Policy.
- 11.3 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.

## 12. Review

- 12.1 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 2024/25 will be submitted to full council for approval on the 19 March 2024.