



## **Annual Pay Policy Statement 2016/17** **(The Localism Act 2011)**

### **Introduction**

The Localism Act 2011 (the Act) requires the Council to prepare a Pay Policy Statement each year. The Pay Policy Statement must articulate the Council's approach to a range of issues relating to the pay of its workforce, particularly its senior staff (or 'Chief Officers') and its lowest paid employees.

The following Pay Policy Statement requires approval by Full Council and will come into effect from 1 April 2016. This Statement will be subject to annual review and approval by Full Council by 31<sup>st</sup> March each subsequent year. Should circumstances require, the Policy can be amended in the course of the year subject to the same requirement for the approval by Full Council on any amendments.

This statement will be published on the Council's website following each review and approval by Full Council.

The purpose of this Statement is to provide transparency with regard to the Council's approach to setting the pay of its employees (excluding staff working in local authority schools etc) by identifying the:

- Methods by which salaries of all employees are determined;
- Detail and level of remuneration of the Council's most senior staff;
- Remuneration of the Council's lowest-paid employees; and
- Relationship between the remuneration of Senior Officers and those employees who are not.

This Pay Policy Statement sets out the Council's approach to its Pay Policy in accordance with the requirements of Section 38 to 43 of the Localism Act 2011. In preparing this Pay Policy Statement for 2016/17, regard has been had to the guidance issued by the Department for Communities and Local Government in November 2011 and the subsequent further guidance issued in February 2012 and February 2013.

In accordance with guidance issued by the Department for Communities & Local Government (DCLG) on 20 February 2013, this Policy Statement has been produced following consideration and approval by the Mayor of Liverpool.

## **1. AN OVERVIEW OF THE CITY COUNCIL'S PAY AND GRADING STRUCTURE**

- 1.1 Section 112 of the Local Government Act 1972 provides that a local authority shall appoint such Officers for the proper discharge of its functions on such reasonable Terms and Conditions, including conditions as to remuneration as the local authority thinks fit.
- 1.2 In determining the pay and remuneration of all of its employees, the Council will comply with all relevant employment legislation. The Council will ensure that there is no pay discrimination within its pay and grading 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.
- 1.3 The remuneration of the vast majority of employees of the Council is in accordance with the locally agreed pay scale (the [NJCJE pay and grading structure](#)) with spinal column points based on the nationally agreed pay spine ([the NJC pay scale](#)).
- 1.4 The Council implemented a job evaluation scheme as part of its commitment to the Single Status Agreement. Implementation of the Job Evaluation Scheme meant that remuneration for each job role was subjected to an objectively evaluated grade/role profile. The evaluated score or role profile was used to determine the grading level paid within a locally agreed pay spine. The Council uses the Local Government Single Status Job Evaluation Scheme (the NJC scheme) to evaluate the majority of posts, and the Hay scheme to evaluate a small number of technical posts. Changes to posts evaluated under the first stage of the scheme were implemented in October 2012. The roles of Divisional Managers were evaluated and changes implemented in June 2014.
- 1.5 The City Council**
- 1.6 The Council presently adopts the national pay bargaining arrangements in respect of the revision of pay spines through any agreed annual pay increases negotiated with joint trade unions.
- 1.7 All other pay related enhancements and payable allowances/expenses are the subject of either nationally or locally negotiated and/or determined rates.

## **2 CHIEF OFFICER REMUNERATION**

2.1 The Localism Act 2011 adopts the definition stated in the Local Government and Housing Act 1989. The Act defines Chief Officers as follows (the post titles in brackets identify the relevant posts within the Council) –

- The Head of the Paid Service (the Chief Executive);
- The Monitoring Officer (the City Solicitor);
- A Statutory Chief Officer (the Director of Adult Services and Health , the Director of Children's & Young People's Services, Director of Public Health and the Director of Finance and Resources);
- A Non-Statutory Chief Officer (the Director of Community Services, the Director of Regeneration and Employment Services and any other postholder reporting directly to or directly accountable to the Chief Executive); and
- Deputy Chief Officer (all other Assistant Director posts and any other post holder reporting directly to or directly accountable to one or more of the Statutory and Non-Statutory Chief Officers).

These Officers are responsible for working alongside and advising Elected Members in determining the strategic direction of the City Council, carrying out the stated aims of the City Council, ensuring the efficiency and effectiveness of all services provided by the City Council and its partners and providing overall day to day operational management of services.

2.2 The Terms and Conditions of employment applicable to Officers on director grade and above are as determined by the JNC for Chief Officers of Local Authorities (or JNC for Chief Executives of Local Authorities) as amended/supplemented or superseded by decisions on conditions of service made by the Council from time to time and contained within the Council's Employment Policies and Procedures.

2.3 The Council's Management Structure is as approved by Council. The Job Descriptions and Person Specifications for each Chief Officer post are approved prior to advertisement by the Council's Appointments Panel which comprises seven Elected Members appointed by Full Council. Salary packages take account of such factors as the requirements of the job, the relative size of the organisation, local and national market rates and the relationship with other posts within the grading structure.

2.4 Details of Chief Officers' basic salary are set out below (salaries are as applicable at 31<sup>st</sup> January 2016). The salaries of Chief Officer posts have not been subject to increase since the banding was established in 2011.

### Chief Executive

The City Council recognises that the role of Chief Executive/Head of Paid Service leads the organisation's workforce and has the greatest level of accountability, and so warrants the highest pay level in the organisation.

Chief Executive salary is a spot salary of £197,500 without any incremental progression points.

Directors – salary ranges £120,000 to £140,000.

Assistant Directors/City Solicitor – salary ranges £76,650 to £91,800.

Divisional Managers – salary ranges £56,176 to £76,649.

### **Remuneration at Recruitment**

- 2.5(i) The Council has delegated the appointment of the Chief Executive, Directors and Assistant Directors to the Appointments Panel. However, the appointment of the Chief Executive and other Statutory Officers is subject to confirmation by Full Council. The Appointments Panel will agree job descriptions and person specifications for posts prior to advertisement of any vacancy. The Appointments Panel is then responsible for the recruitment including the levels of remuneration for the appointee within the agreed salary ranges for the posts referred to above. The procedural rules in relation to appointments to these posts are outlined within the Council's Constitution, which can be accessed at [www.liverpool.gov.uk](http://www.liverpool.gov.uk) and include the statutory arrangements for the appointment of Senior Officers which provide the opportunity for any Member of the Cabinet to comment upon a proposed appointment.
- 2.5(ii) Guidance issued by the Department for Communities and Local Government suggests that an Authority should allow full Council to vote before 'large salary packages' are offered in respect of a new appointment. The amount to be treated as the threshold for such is suggested at £100k. As can be seen at Para 2.4 of this document, the pay structure of Liverpool City Council is such that only the posts of Chief Executive and Director would be above that threshold. There are currently six Director posts. The Chief Executive post is approved by full Council as are four of the six Director posts due to their statutory roles (Director of Finance & Resources; Director of Childrens & Young People's Services; Director of Public Health; Director of Adult Services & Health). Full Council delegates the appointment of the remaining Directors to the Appointments Panel of the City Council which has cross party membership. Full Council approves the Senior Management Structure.
- 2.6 The Council's Scheme of Delegation to Officers provides that the Chief Executive, Directors and Senior Managers may appoint Officers reporting to them in accordance with the City Council's Recruitment and Selection Procedure.

- 2.7 Salary levels are increased in accordance with nationally agreed annual pay settlements negotiated through the JNC for Chief Officers of Local Authorities (JNC for Chief Executives of Local Authorities in respect of the Chief Executive's pay).
- 2.8 In its Pay Policy Statements published since 2012/13, the City Council has had regard to the suggestion in the Hutton Review of Fair Pay in the Public Sector published in March 2011 for the introduction of (earn back) pay (a system where an element of a Manager's pay is "at risk" if a certain level of performance is not met).

It remains the view of the City Council that the introduction of such a system would seem to be more compatible within a performance related pay framework. Such a framework was not operated within the City Council for the period 2012 to 2013, 2013 to 2014, 2014 to 2015 and 2015 to 2016, nor is such a framework contemplated at this time. On that basis, whilst this suggestion has been reviewed further in the compilation of the Pay Policy Statement for 2016/17, the introduction of earn back pay is not deemed to be appropriate for the organisation at the present time but will remain under review.

- 2.9 Where the Council is unable to recruit Chief Officers, or there is a need for interim support to provide cover for a substantive Chief Officer post, the Council will, where necessary, consider engaging individuals under a 'contract for service'. These will be sourced through a relevant procurement process ensuring that the Council is able to demonstrate the maximum value for money benefits from competition in securing the relevant service. In making such assessments it should be noted that in respect of such engagements the Council is not required to make either pension or national insurance contributions for such individuals. These will fall within the pay ranges listed above and are agreed by the Appointments Panel of the Council.

### **Re-employment / Re-engagement of former Chief Officers**

- 2.10. The Council in its role as a member of the Merseyside Pension Fund has adopted a policy for scheme employers participating in the Merseyside Pension Fund regarding re-employment which is that only Members in receipt of ill health pensions will be subject to abatement where the aggregate of the pension and the earnings in the new employment exceed the rate of pay on leaving the first employment.
- 2.11 The Council's Recruitment and Selection Procedure states that applications for re-employment received from former Liverpool City Council employees will not be considered where this would breach the terms of their voluntary redundancy/severance agreement.

### **3 LOWEST PAID EMPLOYEES**

- 3.1 The following points address the City Council's policies in relation to the remuneration of its lowest paid employees as defined at 3.6 below.
- 3.2 The City Council's remuneration policy complies with all Equal Pay, Equalities and all applicable employment legislation. The City Council is committed to the recruitment, development and retention of highly motivated staff with the skills and abilities needed to ensure the provision of high quality, cost effective services to the citizens of Liverpool.
- 3.3 The lowest paid persons employed under a contract of employment with the City Council are employed on full time equivalent (35 hours) salaries in accordance with the minimum spinal column point currently in use within the City Council's grading structure, as implemented on 1 October 2013.
- 3.4 For the purposes of this Pay Policy statement, remuneration includes the employee's basic annual salary and any bonuses, allowances or other similar payments, benefits in kind, any increases or enhancements to any pension entitlement and any termination or other severance payments.
- 3.5 The basic pay of the Council's lowest paid employees comprises a locally agreed grade range implemented on 1 October 2013 and derived from the national pay spine, as set out in the National Joint Council for Local Government Services National Agreement on Pay and Conditions of Service. This grade range consists of a number of incremental salary points, through which employees may progress until the top of the grade is reached. The other elements of remuneration which it is the Council's policy to offer its lowest paid employees are set out in the table at figure 1 in Section 6 below.
- 3.6 With effect from 1 October 2013, the Council has established Grade 1, spinal column point 9 as the lowest salary point for employees employed on National Joint Council Terms and Conditions. This has removed spinal column points 6, 7 and 8, and all employees previously on those grades have received an increase to the new level of point 9 (£14,075 per annum)
- 3.7 As at 31<sup>st</sup> January 2016, the lowest paid employees are those paid at the minimum grading level within pay Grade 1 which now encompasses points 9 (£14,075) rising to point 10 (£14,338) inclusive.
- 3.8 On occasion, employees transfer to the Council's employment from external organisations under the TUPE (Transfer of Undertakings (Protection of Employment)) Regulations and retain their terms and conditions of employment, which may mean they are paid at a lower salary than the Council's minimum salary point. In such cases, it is the Council's intention, where possible, to move the employees to NJC terms and conditions after a period of time and subject to the requirement of the TUPE legislation.

#### **4. REMUNERATION OF EMPLOYEES WHO ARE PAID MORE THAN THE LOWEST PAID EMPLOYEES BUT WHO ARE NOT CHIEF OFFICERS**

The Council's policy and practice with regard to the remuneration of employees who are paid more than its lowest paid employees but who are not Chief Officers is the same as that which applies to its lowest paid employees, other than where any differences are indicated in this policy statement.

#### **5. PAY RELATIONSHIPS**

5.1 Under the provisions of the Code of Recommended Practice for Local Authorities on Data Transparency, issued by the Department for Communities and Local Government under Section 2 of the Local Government Planning and Land Act 1980, the Council is expected to publish its "pay multiple", i.e. the ratio between the highest paid salary and median average salary of the whole of the local authority's workforce.

5.2 Local authorities are recommended to publish the pay multiple between the highest paid employee and the median average earnings across the organisation. The current pay levels within the Council define the multiple between the average full time equivalent salary (excluding chief officer posts) and the Chief Executive as being:

**The Median average for 2016/17 is 1 : 7.58 (figures based upon median average salary of £26,097 and Chief Executive's salary of £197,500). As referenced at 5.3 below, the City Council has undertaken a benchmarking exercise and the pay multiple of Liverpool City Council is lower than that of the Core Cities average.**

5.3 As part of its overall and ongoing monitoring of alignment with external pay markets, both within and outside the sector, the City Council uses available benchmark information as appropriate at regular intervals. In addition, upon the annual review of this statement, the City Council has also monitored changes in the relevant 'pay multiples' and benchmarked against other comparable local authorities.

#### **6 POLICIES COMMON TO ALL EMPLOYEES**

6.1 Whilst the Localism Act 2011 requires the Pay Policy Statement to be specific as to remuneration for Chief Officers and lowest paid employees the reality is that the majority of terms and conditions are universal and apply to all employees.

6.2 The City Council recognises that 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.

### **Incremental Progression through Grades**

- 6.3 Progression within each grade will normally be by annual increment at 1 April each year subject to the maximum of the grade. However, Directors have the discretion to advance an individual employee's incremental progression within the grade on the grounds of special merit or ability to assist in the retention of able professional or other staff.
- 6.4 New appointments will normally be made at the lowest relevant spinal column point for the grade, although recruiting managers have discretion to offer a higher spinal column point to secure the best candidate, subject to approval by their Director or Assistant Director.

### **Payments on Termination of Employment**

- 6.5 The Council's policies in relation to redundancy payments and retirement are set out respectively within its Discretionary Compensation Policy, Redundancy Procedure and Flexible/Ill Health Retirement Policies.
- 6.6(i) Under the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006, the Council applies its discretion (Regulation 5) in the case of both voluntary and compulsory redundancy to base any payments on an employee's actual week's pay. Under Regulation 6, the Council makes voluntary redundancy payments based upon the statutory redundancy payments scale with the entitlement in terms of the number of weeks payable being multiplied by a factor of 1.8, subject to a maximum of 56 weeks. Compulsory redundancy payments are based upon the statutory redundancy payments scale only at actual pay.
- 6.6(ii) Guidance issued by the Department for Communities and Local Government on severance payment puts forward a case for offering full Council the opportunity to vote on severance packages above a certain threshold and that is placed at £100k. Full Council delegates this function to the Council's Appointments Panel. Council does so, on the basis that such delegation facilitates compliance with Data Protection legislation in respect of the entitlement to privacy of the individual concerned without prejudicing transparency as that is achieved by the City Council ensuring compliance with Access to Information Rules, Legislation and all accounting requirements placed upon the Authority.
- 6.6(iii) The City Council is aware of HM Treasury's proposal to cap the total cost of all forms of exit payments available to individuals leaving public sector employment to £95,000 and to apply the cap to all types of arrangement for determining exit payments. The City Council will comply with the requirements of the forthcoming legislation in this matter.



- 6.7 Outside of the policies outlined in paragraph 6.5 above the Council does not operate any other policy of making any specific or general payment to its Chief Officers or any other employees on their ceasing to hold office or to be employed by the Council but it may, where appropriate, agree to waive contractual notice.

### **Flexible Retirement**

- 6.8 The Council recognises the ability of employees to apply for flexible retirement.

To be eligible to apply an employee must –

- a) be a member of the Local Government Pension Scheme;
- b) be 55 years of age or over; and
- c) have agreed with their Manager to have reduced their hours or grade.

### **Other Payments and /or allowances**

Key -

A - available /

NA - not available /

D - dependent on role or in line with Council policy

<b><u>Payments and /or allowances</u></b>	<b>Chief Executive/ Chief Officers</b>	<b>Other employees</b>
LGPS	A	A
Additional duties/ Honoraria	A	A
Election fees	A	A
Mileage payments	A	A
Travel and Subsistence (expenses incurred)	A	A
Overtime	N/A	D
TOIL (Time Off In Lieu for additional hours worked)	N/A	A
Removal and relocation expenses	D	D
Professional Subscriptions (for membership of professional bodies)	D	D
Provision of mobile phones/ phone lines	A	D
Allowances (Shift, Irregular Hours, Night work, Weekend Work)	D	D
Sleep in Payments	D	D
Standby Payments	D	D

Figure 1.

## **Local Government Pension Scheme**

- 6.9 The City Council contractually enrolls all employees with a contract of employment of 3 months or longer duration to become members of the Local Government Pension Scheme and provides an opportunity to all other qualifying employees to avail themselves of all of the statutory provisions of that Scheme.
- 6.10 For those employees who choose 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 as defined under scheme regulations and due under the contract of employment of that employee. The rate of contribution is set by Actuaries advising the Merseyside Pension Fund and reviewed on a triennial basis in order to ensure the scheme is appropriately funded. The employee contribution rates for members of the Local Government Pension Scheme are reviewed on 1<sup>st</sup> April each year. The rates applicable at 31<sup>st</sup> January 2015 are as set out below:

### Local Government Pension Scheme

<b>Full Time Equivalent Salary</b>	<b>Contributions Rate</b>
Up to £13,600	5.5%
More than £13,601 and up to £21,200	5.8%
More than £21,201 and up to £34,400	6.5%
More than £34,401 and up to £43,500	6.8%
More than £43,501 and up to £60,700	8.5%
More than £60,701 and up to £86,000	9.9%
More than £86,001 and up to £101,200	10.5%
More than £100,201 and up to £151,800	11.4%
More than £151,800	12.5%

### Teacher Pensions

<b>Full Time Equivalent Salary</b>	<b>Contributions Rate</b>
Up to £25,999	7.4%
More than £26,000 and up to £34,999	8.6%
More than £35,000 and up to £41,499	9.6%
More than £41,500 and up to £54,999	10.2%
More than £55,000 and up to £74,999	11.3%
More than £75,000	11.7%

## Public Health NHS Pensions

<b>Full Time Equivalent Salary</b>	<b>Contributions Rate</b>
Up to £15,431.99	5.0%
More than £15,432.00 and up to £21,477.99	5.6%
More than £21,478.00 and up to £26,823.99	7.1%
More than £26,824.00 and up to £47,845.99	9.3%
More than £47,846.00 and up to £70,630.99	12.5%
More than £70,631.00 and up to £111,376.99	13.5%
More than £111,377.00	14.5%

### **Additional Duties/ Honoraria Payments**

- 6.11 To meet specific operational requirements it may be necessary in exceptional circumstances for an individual to temporarily take on additional duties or responsibilities. Where this is necessary and justified a temporary supplement to the salary scale for the grade must be approved in accordance with the Council's agreed policy relating to [honoraria payments and acting up allowances](#).

### **6.12 Election Fees**

The Chief Executive receives fee payments pursuant to his/her appointment as Returning Officer at elections. Separate payments are made to the Deputy Returning Officer and other members of staff who work as part of the elections team. The fees paid in respect of Council elections vary according to the size of the electorate, the number of constituencies and number of postal voters and are based approximately on the Government's fees and charges order.

### **6.13 Mileage payments – Essential car user**

An annual allowance is paid to employees whose posts require them to have a vehicle available at all times to be used in the course of their duties. Essential Car Users can also claim mileage at the agreed rate for journeys carried out in the course of their duties.

**The rates applicable are set out below –**

<b>Essential Users</b>	<b>Up to 999cc</b>	<b>Above 999cc</b>
Lump sum per annum	£846	£963
Up to 8500 miles	36.9p	40.9p
Above 8500 miles	13.7p	14.4p

Employees who make car journeys in the course of their duties but who are not designated as Essential Car Users can claim mileage at the Casual User rates, as set out below:

<b>Casual Users</b>	<b>Up to 999cc</b>	<b>Above 999cc</b>
Up to 8500 miles	46.9p	52.2p
Above 8500 miles	13.7p	14.4p

#### **6.14 Subsistence and Other Expenses e.g. rail travel**

Employees can claim expenses for rail travel and reasonable subsistence where such costs have been incurred and on the production of relevant receipts as a result of job-related travel, e.g. attendance on training courses

#### **6.15 Overtime Payments**

Overtime is paid where applicable at nationally agreed rates

#### **6.16 Flexi Scheme and Time Off In Lieu (TOIL)**

Employees who are eligible can work additional hours and accumulate time under the Flexi Scheme to be taken as time off work within a set period. TOIL is based on the same principle, whereby employees work additional time with approval from line management and take time off work later as compensation.

#### **6.17 Removal and Relocation Expenses**

The Council offers a Recruitment Incentive Scheme that can be applied where, in the opinion of the Chief Executive, relevant Director or Assistant Director; it will materially assist in the recruitment of essential employees. The Scheme may be applied in whole or in part at the discretion of the Chief Executive, Director or Assistant Director, and costs are borne by the employing service. It is only available, subject to the conditions above, to a new employee who at the time of the appointment, lives more than twenty five miles from the new administrative centre and who moves to an address within the City boundary. The amount shall be determined by the Chief Executive, Director or relevant Assistant Director, prior to the advertisement of each post. The amount payable shall be towards the cost of relocation expenses, including removals, storage, legal fees, travel and rents.

#### **6.18 Payment of Professional Subscriptions/Membership Fees**

Directors have the discretion to agree to pay professional subscriptions and / or annual membership fees for employees where appropriate

#### **6.19 Provision of Mobile Communication Devices**

Employees who are provided with mobile phones for work purposes can opt to pay an additional charge to pay for reasonable private use

### **7 ACCOUNTABILITY AND DECISION MAKING**

The authority outlines within the Constitution the arrangements for the appointment of Chief Officers and the Council agrees the senior management structure for the Council. The Appointments Panel of the Council determines the recruitment and remuneration for these posts, subject to the approval of the Full Council, and the minutes are available on the Council website. The Pay Policy Statement is presented to the Mayor and requires confirmation by the Full Council as referred to in Section 2 of this report. In accordance with the Audit and Accounts (England) Regulations 2011 the Council publishes annually within the Statement of Accounts a separate disclosure and analysis of remuneration of senior employees.

### **8. PUBLICATION OF THE STATEMENT**

- 8.1 Once the Council has approved the pay policy statement it will be published clearly on the Council website at [www.liverpool.gov.uk](http://www.liverpool.gov.uk).
- 8.2 For further information regarding this pay policy please contact – Jeanette McLoughlin, City Solicitor & Monitoring Officer on telephone 233 0400 or email [jeanette.mcloughlin@liverpool.gov.uk](mailto:jeanette.mcloughlin@liverpool.gov.uk)