

## **APPENDIX A**

# **Leicester City Council**

## **Pay Policy Statement 2023/24**

### **1 Introduction and Purpose**

- 1.1 Section 38(1) of the Localism Act 2011 requires all local authorities in England and Wales to produce and publish a Pay Policy Statement for each financial year. The principle behind this requirement is to ensure transparency and accountability in local approaches to public sector pay, particularly in respect of senior staff, by enabling public scrutiny.
- 1.2 As specified in the Act, this requirement does not extend to schools and, therefore, the Statement does not include school-based employees. Leicester City Council's Pay Policy Statement is set out in accordance with the mandatory requirements of the Localism Act and also takes account of The Local Government Transparency Code 2015. It sets out information on the council's pay and conditions of service for its chief officers and the wider workforce.
- 1.3 The Pay Policy Statement is designed to enable communities to access the information they need to determine whether remuneration, particularly senior remuneration, is appropriate and commensurate with responsibility. It also helps ensure that policies on pay and reward for the most senior staff are clearly set within the context of the pay of the wider workforce.
- 1.4 The Act recognises that each local authority has the right to determine its own policy towards pay in order to address local priorities, the local marketplace, and its own economic circumstances. There is a requirement for the Pay Policy Statement to be approved by Full Council. Councils are encouraged to set up Remuneration Committees to oversee pay policy; councillors are also encouraged to have a significant role in determining pay. At Leicester City Council, decisions on terms and conditions are made by the Employees Committee or the Executive.
- 1.5 National negotiations regarding the 2023/24 pay awards for Chief Officers and Local Government Services employees are expected to commence in early 2023 and any pay awards resulting will come into effect from 1 April 2023. As such, the pay figures referenced within this statement are subject to change.

### **2 Context**

- 2.1 Leicester City Council is a unitary authority serving the largest city in the East Midlands region with a population of 368,571<sup>1</sup> in 2021. It is one of the largest employers in the city with a current workforce headcount of 6,386 and a full-time equivalent workforce of 5,063 excluding schools.
- 2.2 The Council operates under a mayoral model of governance and provides a comprehensive set of local authority services to the population of the city. These

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<sup>1</sup> Source: Office of National Statistics - [Census 2021](#)

include education, social services, environmental services, highways, economic regeneration, planning, libraries, museums, revenues and benefits, housing, parks, and open spaces amongst others.

- 2.3 The medium-term financial outlook facing the Council is very severe. We are facing restricted Government funding at a time of increasing costs, which will inevitably lead to painful spending cuts.

The background to this severe outlook is:

(a) a “decade of austerity” between 2010 and 2020 in which services other than social care had to be reduced by 50% in real terms.

(b) the covid-19 pandemic where we set “stop gap” budgets whilst we dealt with the immediate emergency. Budgets in 2021/22 and 2022/23 were supported by reserves of £17m and £24m respectively.

(c) the recent spike in inflation, which has led to significant pressures particularly in respect of pay, energy, and packages of social care.

(e) a new round of austerity (announced in the Autumn Statement of November 2022) which will lead to further cuts to local authority funding from 2025/26.

- 2.4 The budget for 23/24 is once again balanced with reserves, but the process of achieving savings will continue and changes to the budget will be made during the year. Without further savings, the Council’s reserves available for this purpose will run out in 2024/25.

- 2.5 A key requirement of the Localism Act is to set senior pay in the context of pay for the wider workforce, and specifically its lowest paid staff.

- 2.6 Most staff within the wider workforce, covered by this Pay Policy Statement, are paid in accordance with a pay structure (and its associated terms and conditions of service) that was implemented in March 2011. This pay structure applies to all staff covered by the National Joint Council for Local Government Services (LGS). A revised version of this pay structure took effect from 1 April 2019, as the LGS national pay spine was restructured.

### **3 Scope and Definitions**

- 3.1 This Pay Policy Statement covers all Leicester City Council employees except those employed in schools, apprentices and casual workers.

- 3.2 There are a number of employees who are on terms and conditions from their previous employer which they have retained under the Transfer of Undertakings (Protection of Employment) Regulations. For this reason, some or all of this Pay Policy Statement may not apply to those employees.

- 3.3 Although the Leicester and Leicestershire Enterprise Partnership (LLEP) is a separate legal entity, Leicester City Council is the employing body on behalf of that entity. The Director of the LLEP (currently vacant but being recruited to) is employed by the Council on the same conditions of service as its Strategic and Divisional Directors, and the LLEP Director and its staff are covered by this Pay Policy Statement. The Statement includes policies on:
- a) The level and elements of remuneration for Chief Officers
  - b) The remuneration of lowest paid employees
  - c) The relationship between the remuneration of Chief Officers and other officers.
- 3.4 Remuneration in the context of the Localism Act is defined widely to include salary, bonuses, performance related pay, allowances, fees, benefits in kind and contractual arrangements relating to any possible future severance payments.
- 3.5 The definition of Chief Officer includes Head of Paid Service<sup>2</sup>, Strategic Directors and Divisional Directors.
- 3.6 In line with the Local Government Transparency Code 2015, the Council publishes information showing the top three tiers of its structure, on its website: <https://www.leicester.gov.uk/your-council/how-we-work/performance-and-spending/senior-salaries-and-job-descriptions>

#### **4. Senior Pay**

- 4.1 Under the mayoral model, the Council retains a statutory role of Head of Paid Service who is also the Chief Operating Officer. The overall purpose of this post is to support the City Mayor and to work with the Corporate Management Team, Council and Executive to deliver the Council's vision, strategic aims and objectives. The salary range for this post is £147,741 - £152,449. There are no additional performance, bonus or ex gratia payments applicable to this role.
- 4.2 Appendix one details each Chief Officer's substantive salary range and current salary. In line with the pay award for Local Government Employees for 2022/23, each point on the pay scale for chief officers increased by £1,925 on 1<sup>st</sup> April 2022
- 4.3 The conditions of service for Chief Officers are in accordance with the Joint Negotiating Committee for Chief Officers agreement and the local terms and conditions which apply to other staff. Directors do not receive additional performance, bonus or ex gratia payments.
- 4.4 Officers at this level are expected to work those hours necessary to fulfil their duties without additional pay. They receive no additional payments for overtime, standby etc.

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<sup>2</sup> The Council does not have a post of Chief Executive but is still legally required to have a Head of Paid Service.

- 4.5 Chief Officers are eligible for a council owned mobile device but, in common with other staff, those who choose instead to use their personal device for business purposes, e.g., for voice calls, SMS and data, receive a 'Bring Your Own Device Scheme' allowance. The allowance at the time of writing was £15 per month and has been paid to 3 Officers since 1 April 2022. The allowance is treated as normal income for tax purposes. The scheme is open to all council employees who are eligible for a council owned mobile device.

#### Placing on Grades and Incremental Progression

- 4.6 Appointments to both Strategic and Divisional Director grades are normally made on the minimum point of the salary range unless an appointee is already on a higher salary in which case placing on the grade will reflect this. The only other factor normally considered, where necessary, is market forces. Market supplements above the grade of the post are not, however, normally awarded at this level. Decisions on placement within the grade are normally taken by the most senior manager involved in the selection process who may, if required, consult the relevant member of the Executive.
- 4.7 Progression through the grade is by one increment on 1 April each year, subject to satisfactory performance, until the maximum of the grade is reached.

#### Fees

- 4.8 The only Chief Officer to receive fees is the Returning Officer who receives payment in accordance with the relevant legislation set by Government for each election. The Returning Officer is the Director of Delivery, Communications, and Political Governance.

#### Termination Payments

- 4.9 The Restriction of Public Sector Exit Payments Regulations, which came into force on 4 November 2020 and capped the total exit payments payable to individual public sector employees at £95,000, was formally revoked on 19 March 2021.
- 4.10 Following a consultation in autumn 2020 on reforming local government exit pay the Department for Levelling Up, Housing and Communities has indicated that a further consultation will take place and it is expected that this will result in further changes to exit payments. However, at the time of writing, what these changes will be, and when they will come into force, is unknown.
- 4.11 Redundancy payments are based on the number of weeks' pay staff are entitled to in accordance with statute, with reference to their age and length of continuous service, using an actual week's pay.
- 4.12 In terms of early retirement, the Council's normal position is not to top up pension benefits, but it will consider requests to do so on a case-by-case basis. This approach applies to all employees and there are no special arrangements for senior staff. The Council reserves, however, the right to enter into settlement agreements for staff in exceptional circumstances.

- 4.13 Where the total of the capitalised costs and redundancy pay for a voluntary redundancy are £60K or more, authorisation by the Chief Operating Officer, in consultation with the City Mayor, is required.
- 4.14 The Council has provisions for flexible retirement and for early retirement on compassionate grounds in exceptional circumstances. The Council does not award additional membership under regulation 31.
- 4.15 The Council has in place a policy on re-engagement after redundancy or early retirement. This sets out the circumstances in which an employee who has left the council on the grounds of redundancy and/or early retirement may, or may not, be re-engaged by the Council.

Comparison of Senior Pay with Similar Authorities

- 4.16 Geographically the nearest unitary councils are Derby, Nottingham and Coventry City Councils. A comparison of Leicester’s Chief Officer salary ranges against the salary ranges for similar posts in these authorities, as of 1<sup>st</sup> April 2022, is shown in the table below.
- 4.17 It should be noted that actual posts and structures vary between authorities and none of these other City Councils is a mayoral authority. One key difference is that Leicester does not have a Chief Executive and the Head of Paid Service is undertaken by the Chief Operating Officer (who, in effect, also acts as the Strategic Director for Corporate Resources and Support). The most senior role in the other three Councils (as their Head of Paid Service) is the Chief Executive.

<b>Authority</b>	<b>Most senior role - Head of Paid Service</b>	<b>Top tier - Strategic Directors</b>	<b>Second tier - Divisional Directors</b>
<b>Leicester</b>	£147,741 - £152,449	£133,622 - £143,033	£88,549 - £101,869
<b>Coventry</b>	£195,626 - £201,158	£114,568 - £139,502	£87,183 - £112,610
<b>Derby</b>	£179,023	£121,558 - £133,520	£78,346 - £92,226
<b>Nottingham</b>	£174,005 - £194,863	£134,747 - £156,884	£106,922 - £118,090

- 4.18 The comparison table above shows that:
  - Leicester City Council’s Head of Paid Service is currently paid considerably less than the three nearest unitary authorities. This reflects that we do not have a Chief Executive and, instead, have combined the Head of Paid Service with our Chief Operating Officer role.
  - The maximum salary for Leicester’s Strategic Directors is broadly comparable to the maximum salary for post holders at Coventry City Council. Derby pays slightly less, with the maximum salary for these postholders being comparable to the minimum salary paid to Strategic

Directors at Leicester, Nottingham have a pay scale which, at the top, pays significantly higher.

- Coventry Divisional Director salaries are significantly higher than Leicester City Council's Divisional Director salaries, Derby pays less, and Nottingham pay significantly more.

#### Value for Money

- 4.19 One of the key issues underlying the requirement to produce a Pay Policy Statement is consideration of whether senior pay levels represent value for money.
- 4.20 Both Strategic and Divisional Directors have significant responsibilities for the delivery of services under their control and the effective use of workforces and budgets assigned to these. They advise the City Mayor and elected members on Council decisions and the future direction of the authority. They guide major projects, plan and deliver a wide range of council services, are responsible for the effective performance of their service areas, lead on complex changes, make tough day to day decisions on 'doing more with less' and commission services from others. All these activities are delivered against a challenging economic environment of cutbacks, which has been exacerbated by the Covid pandemic.
- 4.21 Most Directors are responsible for large numbers of staff or manage highly complex technical areas with smaller staff complements. The numbers of staff managed are included in Appendix 1. Some senior roles hold statutory responsibilities, such as the Head of Paid Service, Section 151 Officer role (in charge of the Council's finances), Electoral Registration Officer, Local Returning Officer and Monitoring Officer, or responsibilities for safeguarding vulnerable adults or children.
- 4.22 The Chief Operating Officer and the two Strategic Directors, with the City Mayor and the Executive, are responsible for setting out a strategic vision for the way forward for the service areas under their control and providing clear leadership to the organisation. They also provide effective management for their departments. Some senior roles focus around partnership working and relationship management with external partners to integrate strategy, maximise effective use of resources or to facilitate/deliver a shared agenda.
- 4.23 Strategic Directors are responsible for overseeing large departments and Divisional Directors manage the divisions within departments. The size of budgets varies according to the nature of the service. Details of divisional budgets are attached at Appendix 2.
- 4.24 The job descriptions for all these roles are available on the Council's website: <http://www.leicester.gov.uk/your-council/how-we-work/performance-and-spending/senior-salaries-and-job-descriptions/>
- 4.25 The council's leadership qualities, which set out the behaviours expected of all leaders, are at Appendix 3.

## 5 The Wider Workforce

- 5.1 Senior pay needs to be set in the context of the pay policy in relation to the rest of the workforce. The Council's current pay structure for all staff covered by the National Joint Council for Local Government Services, which includes the majority of non-school staff including most Heads of Service<sup>3</sup>, has 15 grades. The overall salary range (as at 1.4.22) is £20,258- £71,957 per annum. The bottom three grades have two increments and the remainder have four increments (Appendix 4).
- 5.2 The grading of jobs is determined through job evaluation, using a scheme which is compliant in terms of equal pay for work of equal value principles.
- 5.3 Employees are normally appointed to the minimum point of the grade and progress through the grade by one increment on 1 April each year, subject to satisfactory performance, until the maximum of the grade is reached. Sometimes, for market reasons, employees are appointed above the minimum point. Accelerated increments may also be awarded for exceptional performance.
- 5.4 The Council has made a positive commitment to support lower paid staff and their families. As such, the Council adopted the 'UK Living Wage', to provide a better standard of living for lower paid employees. The Council therefore pays a supplement to employees whose hourly rate falls below the 'UK Living Wage'. However, at the time of writing, no employees are in receipt of this supplement as the minimum point of the LGS pay scale is above the Living Wage rate of £9.90 effective from 1 April 2022.
- 5.5 In September 2022, the 'UK Living Wage' rate was increased to £10.90. The Council intends to implement this increase from 1 April 2023. However, at the time of writing, it is unclear which employees (if any) will be eligible for the supplement as the 2023 pay award, which will be applicable from the same date, is yet to be agreed.
- 5.6 The following local provisions for staff are in place for certain posts:
- Overtime payment at plain time or time and a third
  - Payment at time and a third for work at night, on Saturday, Sunday or Bank Holiday
  - Standby allowance of £117.99per week.
  - Payment for sleeping in duty at the rate of £39.24per 12-hour period.
  - First Aid allowance of £180 per annum (pro-rata for part time and job-share employees).

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<sup>3</sup> There are nine senior officers paid on 'city officer' grade, which sits outside of this structure. Pay for the city officer grade is, as of 1 April 2022, £72,195 - £80,504 p.a. Pay awards for these staff are determined in line with the Joint Negotiating Committee for Chief Officers Agreement.

- 5.7 Employee career development is encouraged, and the Council offers apprenticeships and training to assist staff to progress in their careers. Managers are encouraged to develop career ladders linked to achieving relevant competencies; work of the relevant level and financial provision being available. A framework is also in place for appraising employees.
- 5.8 In addition to those staff covered by the pay and conditions described above, a small proportion of the non-school workforce is covered by national pay scales for teachers, educational improvement professionals, educational psychologists, young people’s/community service managers and youth and community workers.

Market Pay

- 5.9 Sometimes job evaluation results in a salary range which is below the market rate for a particular role. Where there is significant difficulty with recruitment and retention because of this, the manager may put forward a business case to the Market Pay Panel. This panel will consider both the recruitment and retention issues and market pay data to determine whether it is appropriate to award a market supplement. Market supplements are reviewed every two years.
- 5.10 The use of market pay is subject to robust governance and control procedures. Over the past three years the number of posts in receipt of market pay has consistently remained between 10 and 20, with roles typically falling within professions such as social work, IT, accounting/finance where skill shortages and recruitment difficulties are well documented nationally.

**6 Relationship of Senior Pay to the Pay of the Wider Workforce**

- 6.1 The Hutton Report on fair pay recommended that local authorities should publish the ratio of top earner to the median earner in the authority (excluding school staff and apprentices). At Leicester City Council the ratio, based on the top earner’s salary of £152,449 and a median full-time equivalent salary of £29,439 (April 2022 salary rates), is 5.2:1. The ratio is slightly lower than last year when it was 5.3:1.
- 6.2 This remains significantly lower than the latest figures we have from our neighbouring councils – Nottingham City Council and Derby City Council both had ratios of more than 6:1 in 2021/22 and Coventry City Council had a ratio of 7:1 in 2020/21. We have not been able to obtain more up to date figures.

**7 Pension**

7.1 As of 1 April 2022, all staff belonging to the Local Government Pension Scheme (LGPS) make contributions to the scheme based on their salary level as follows:

Contribution Band	Salary Range	Contribution Rate
1	Up to £15,000	5.5%
2	£15,001 to £23,600	5.8%



3	£23,601 to £38,300	6.5%
4	£38,301 to £48,500	6.8%
5	£48,501 to £67,900	8.5%
6	£67,901 to £96,200	9.9%
7	£96,201 to £113,400	10.5%
8	£113,401 to £170,100	11.4%
9	More than £170,101	12.5%

7.2 As of 1 April 2022, the Council makes employer's contributions to the scheme at a rate of 27.7%.

7.3 The Council's approach to termination payments is set out in paragraphs 4.9 to 4.15 and is the same for staff at all levels.

7.4 If a former employee in receipt of a pension re-joins the council, their pension is not normally abated. The only exception is when added years were awarded when the member previously retired. In this case, if new earnings plus existing pension exceed previous salary, then abatement applies.

## **8 Review**

8.1 The Pay Policy Statement will be updated annually as required by the Localism Act.