

APPENDIX A

Leicester City Council

Pay Policy Statement 2021/22

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 set clearly 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 Employees Committee or the Executive.

2 Context

- 2.1 Leicester City Council is a unitary authority serving the largest city in the East Midlands region with a population of 354,200¹ in 2019. It is one of the largest employers in the city with a current workforce headcount of 5,840 and a full-time equivalent workforce of 5,003 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 encompassing; education, social services, environmental services, highways, economic regeneration, planning, libraries, museums, revenues and benefits, housing, parks and open spaces amongst others.

¹ Source: Office of National Statistics - <http://www.nomisweb.co.uk/reports/lmp/la/1946157130/report.aspx?town=leicester>

- 2.3 Since 2010, the Council has faced the most severe period of spending cuts we have ever experienced. We know from reports from the Institute of Fiscal Studies, and our own analysis, that Government cuts have disproportionately affected deprived authorities (such as Leicester). Government grant cuts between 2010 and 2020 exceed £100m. Our financial planning difficulties have been compounded by the coronavirus pandemic, which has required us to set aside reserves which could otherwise be used for budget planning. It has also added considerable uncertainty to an already complex picture. The budget for this year is a stop gap, where we have largely brought forward plans from last year, with a view to review in depth for 2022/23. This review will reflect the changing need for our services post pandemic, the economic outlook and the inevitable need to make further cuts.
- 2.4 A key requirement of the Localism Act is to set senior pay in the context of pay of the wider workforce, and specifically its lowest paid staff. The pay of most staff covered by this Pay Policy Statement is governed primarily by a pay structure and associated terms and conditions of service which were implemented in March 2011 for 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 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.
- 3.4 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.
- 3.5 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.

- 3.6 The definition of Chief Officer includes Head of Paid Service², Strategic Directors, and Divisional Directors.
- 3.7 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 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 £143,661 - £148,300 pa. 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. The pay scale for Chief Officers increased by 2.75% on 1st April 2020.

On 25 November 2020, the Government published [Spending Review 2020](#) within which the Chancellor announced that, in response to the economic impact of the COVID-19 pandemic, public sector pay will be "paused" for 2021/2022. National negotiations regarding the 2021/2022 pay award are expected to commence in early 2021.

- 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.
- 4.5 Chief Officers who 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 2020. 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

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

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 who receives 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 came into force on 4 November 2020 and these regulations cap the total exit payments payable to individual public sector employees at £95,000. This applies to all payments described within the regulations made to employees upon termination of employment including redundancy payments and pension strain costs. The Ministry for Housing and Communities and Local Government has consulted on amendments to the impacted pension scheme, and at the time of writing we are awaiting the outcome.
- 4.10 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 service, using an actual week's pay. The Council does not pay enhanced redundancy payments for any staff under the discretionary payments regulations.
- 4.11 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 the right however, to enter into settlement agreements for staff in exceptional circumstances.
- 4.12 Where the cost of redundancy pay, plus the capital cost associated with the early release of pension is £60k or more, early retirement is subject to approval by the Head of Paid Service in consultation with the City Mayor.
- 4.13 The Council has provisions for flexible retirement and for early retirement on compassionate grounds where the employee needs to provide care for a family member for two years or more. The Council does not award additional membership under regulation 31.
- 4.14 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

- 4.15 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 is shown in the table below.

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.

Authority	Most senior role - Head of Paid Service	Top tier - Strategic Directors	Second tier - Divisional Directors
Leicester	£143,661 - £148,300	£129,751 - £139,023	£85,343 - £98,467
Coventry	£190,838 - £196,289	£110,977 - £135,544	£83,998 - £109,049
Derby	£174,480	£117,866 - £129,650	£75,291 - £88,966
Nottingham	£169,537 - £190,087	£130,860 - £153,669	£103,445 - £114,448

- 4.16 The comparison table shows Leicester's Head of Paid Service is paid considerably less than the three nearest unitary authorities. This reflects the fact 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 pay slightly less with the maximum salary for these post holders being comparable to the minimum salary paid to Strategic Directors at Leicester, and Nottingham have a pay scale which at the top pays significantly higher.

Leicester's Divisional Director salaries are comparable with Coventry. Derby pay less and Nottingham pay significantly more.

Value for Money

- 4.17 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.
- 4.18 Both Strategic and Divisional Directors have significant responsibilities for the delivery of the services under their control using the workforces and budgets they are responsible for. They advise the City Mayor and elected members on Council decisions and on the future direction of the authority, 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 is likely to be exacerbated by the coronavirus pandemic.

- 4.19 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 the Monitoring Officer role, or responsibilities for safeguarding vulnerable adults or children.
- 4.20 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.
- 4.21 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.
- 4.22 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/>
- 4.23 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 and the Joint Negotiating Committee for Local Authorities Craft and Associated Employees, results from a pay and grading review which was implemented in March 2011, with effect from 1 July 2010, and revised from 1 April 2019 as a result of the national pay spine being restructured. 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.
- 5.2 The pay structure, which covers the majority of non-school staff including most Heads of Service³, has 15 grades. The overall salary range is £17,842 - £68,827

³ There are ten senior officers paid on 'city officer' grade, which sits outside of this structure. Pay for the city officer grade is between £71,128 and £79,314 at 1 April 2020 and pay awards are determined in line with the Joint Negotiating Committee for Chief Officers Agreement.

per annum. The bottom three grades have two increments and the remainder have four increments (Appendix 4).

On 25 November 2020, the Government published [Spending Review 2020](#) within which the Chancellor announced that in response to the economic impact of the COVID-19 pandemic, public sector pay will be “paused” for 2021/2022. Whilst this will not directly apply to the pay structure which covers the majority of non-school staff, the 2021 national pay award will depend upon the funding local government receives through the financial settlement. National negotiations regarding the 2021/2022 pay award are expected to commence in early 2021.

- 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’. At the time of writing, the Council paid this supplement to 10 employees on point 1 of the LGS pay scale.
- 5.5 In November 2020, the ‘UK Living Wage’ rate was increased to £9.50. The Council intends to implement this increase from 1 April 2021 however, at the time of writing, it is unclear which employees will be eligible for the supplement, as the 2021 pay award 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 £111.46 per week.
- 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 independent market pay data to determine whether it is appropriate to award a market supplement. Market supplements are based, depending on the evidence, on lower, median or upper quartile market pay data figures (or a level between these values) and are reviewed every two years.
- 5.10 The use of market pay is subject to robust governance and control procedures. The number of posts in receipt of market pay, and the associated cost, has reduced significantly since 2013.

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 £143,661 and a median full-time equivalent salary of £27,041, is 5.3:1. The ratio has decreased slightly from last year (5.4:1) when the median salary was £25,729.

The ratio is also significantly lower compared to our neighbouring unitary councils, Nottingham City Council and Coventry City Council, which had a ratio of 8:1 and 7:1 respectively in 2020/21, whilst Derby's pay ratio is 6.2:1.

7 Pension

- 7.1 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 £14,600	5.5%
2	£14,601 to £22,800	5.8%
3	£22,801 to £37,100	6.5%
4	£37,101 to £46,900	6.8%
5	£46,901 to £65,600	8.5%
6	£65,601 to £93,000	9.9%
7	£93,001 to £109,500	10.5%
8	£109,501 to £164,200	11.4%
9	More than £164,201	12.5%

- 7.2 As at January 2021 the Council makes employer's contributions to the scheme at a rate of 25.7%.
- 7.3 The Council's approach to termination payments is set out in paragraphs 4.9 to 4.14 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.