

NK PAY POLICY
2018/19

North Kesteven District Council

Pay Policy 2018-19

Introduction

1. North Kesteven District Council believes that excellent, professional senior management is essential in order to ensure that the Council achieves its 'flourishing communities' vision, its priorities for the economy, for housing, for communities, for the environment and for effective, efficient public services.
2. The Council believes that it is at its best when elected councillors and senior managers work in partnership within a positive, open and engaging culture. Elected members approve policy and overall strategy for the Council, make key decisions on the allocation of resources and monitor performance. Senior managers and officers drive delivery. North Kesteven is a member led, officer driven, local authority, maximising the roles and contributions that members and officers make.
3. The purpose of this report is to establish a pay policy for North Kesteven District Council in order to ensure that the Council complies with the requirements of the Localism Act 2011. The pay policy is due to be considered by Full Council on 1st March 2018, with the pay policy effective for the 2018/19 financial year. It is intended that this policy is reviewed annually by the Council on or before 31 March each year.
4. The scope of the pay policy embraces the whole workforce of North Kesteven District Council, and therefore the pay structure across the organisation. It includes within scope a review and benchmarking of senior management structures and salaries, the pay and grading structure for the organisation and the ongoing commitment of the council to the living wage.
5. The policy is structured as follows:
 - Background to senior management at North Kesteven
 - Role of Senior Managers
 - Senior Management structure and remuneration
 - Lowest paid employees
 - All other employees
 - Election expenses

Background

6. The Council has a very efficient senior management structure comprising a Senior Management Team of eight officers: Chief Executive; Deputy Chief Executive; Corporate Director; Head of Finance and Resources; Head of Housing and Property Services; Head of Corporate and Customer Services; Head of

Development, Economic and Cultural Services; and Head of Environment and Public Protection.

7. By convention, the council reviews its senior management team structure every three years: reviews in 2008, 2011, and 2014 have progressively reduced the size of the team by approximately 30% (from eleven to eight posts). An internal review has been undertaken for 2017, concluding that the Senior Management Team remains fit for purpose for 2018-2021, the following reasons:

- The **NK Plan** continues to shape and develop existing priorities related to our economy, our homes, our communities and our council, with the addition of our environment. The NK Plan builds on analysis of trends and evidence, it reflects survey feedback from communities in NK, and it reflects the political priorities of the council. The senior management structure was created to facilitate delivery of the plan, and it creates the strategic capacity necessary to deliver it.
- The **service structure** of the council is consistent with the 2014 review, and there are no plans for significant transformational change or large scale shared services at the current time. Since 2014, there have been a number of changes in senior management responsibility for service areas (for example, transfer of business continuity and emergency planning to Finance and Resources, transfer of Human Resources to CCS, to secure greater strategic alignment with the transformation programme). This process of incremental change is likely to continue to accommodate changing capacity needs.
- The **financial outlook** is (whilst challenging) positive for the medium term, enabling the council to establish balanced budgets and to target investment to deliver its priorities.
- The **partnership context** remains consistent with the 2014-17 period, focused on Greater Lincolnshire/Central Lincolnshire opportunities for shared ambition, collaboration and devolution.
- The **political structure** of the council has not changed, and the council remains committed to delivery of the NK Plan.
- There have been **recent appointments** (summer and autumn 2017) to the Head of Environment and Public Protection and the Head of Housing and Property Services, based on the existing structure. Responsibility for the Human Resources function has moved to the Corporate and Customer Services team, creating greater capacity for the Head of Finance and Resources in relation to financial strategy, investment priorities and revenue generation.

Role of Senior Managers

8. The Chief Executive and the Senior Management Team are responsible for managing the activities of the Council workforce and for advising Councillors on

the potential implications of policy and strategy decisions, for example in relation to the vision of the Council, resource allocation and impact on performance.

9. By law, senior managers of the Council are subject to The Local Government Officers (Political Restrictions) Regulations 1990 (under the Local Government and Housing Act 1989). Officers are expected to advise and assist all Councillors irrespective of their political affiliation.
10. The Chief Executive and the Senior Management Team work closely with elected members to deliver:
 - **Leadership:** working with elected members to ensure strong and visible leadership and direction, encouraging and enabling managers to motivate and inspire their teams;
 - **Strategic Direction:** ensuring all colleagues understand and adhere to the strategic aims of the organisation and follow the direction set by the elected members;
 - **Policy Advice:** acting as the principal policy advisors to the elected members of the Council to lead the development of workable strategies which will deliver the political objectives set by the councillors;
 - **Partnership:** leading and developing strong partnerships across the local community to achieve improved outcomes and better public services for local people and to deliver the Councils vision for 'flourishing communities';
 - **Operational Management and Delivery:** overseeing financial and performance management, risk management, people management, transformation and change management within the Council.

Senior Management Structure and Remuneration

Structure and Statutory Officers

11. The Senior Management Structure, Appendix 1, consists of eight established posts. The Council is required to appoint three statutory officers, and these are incorporated into the following job roles:
 - Chief Executive, Ian Fytche (Head of Paid Service)
 - Deputy Chief Executive, Karen Bradford (Monitoring Officer)
 - Head of Finance and Resources, Russell Stone (Chief Financial s151 Officer)

Salary Benchmarking

12. All posts within the organisation (other than the eight senior management team posts) are subject to job evaluation, undertaken on a structured basis over a five year period. SMT posts are instead subject to a salary benchmarking approach.

13. Appendix 2 details the salary grades associated with each role within the Senior Management Team. The Council has a policy to benchmark salaries on a biennial basis to ensure that the Council balances the need to pay competitive salaries and the need to ensure value for money. A salary benchmarking exercise has been undertaken to inform the 2018 pay policy (the first such exercise for more than five years). The benchmarking exercise included within scope the roles of Deputy Chief Executive, Corporate Director and Heads of Service.

14. The benchmarking exercise had the following objectives:

- **Recruitment:** to ensure that the council remains competitive in its senior pay structure, when compared to local, regional and national senior pay in local government.
- **Retention:** to ensure that the council has a proactive approach to retention of senior officers.
- **Pay Multiple:** to ensure that senior pay remains proportionate with the organisation as a whole, in line with the principles established by the Government commissioned Hutton Review of Fair Pay in the Public Sector 2011.

15. The benchmarking exercise confirmed that North Kesteven District Council salaries for the Senior Management Team were below the mean average maximum salaries based on regional comparison data. Appendix 2 therefore identifies revised salary bands for implementation from April 2018. The approach achieves all three objectives identified above (recruitment, retention, proportionality).

16. The new salary bands are based upon increments of 1.8%, and an existing market supplement attached to one post (Head of Finance and Revenues) has been consolidated into the salary scale, reflecting the statutory role attached to the post. The award of a salary increment is based upon an evaluation of performance annually. Based on analysis of increments awarded over the past five years, and extrapolating forward over the next three year medium term financial strategy period, the potential cost to the council is as follows:

	Total Cost	Increase on previous year
2017/18	522,194	
2018/19	533,144	10,950
2019/20	542,782	9,638
2020/21	547,529	3,359

17. This information has been utilised for the preparation of the financial strategy, apportioned between the general fund and the housing revenue account.

Terms and Conditions

18. The recruitment of new members of senior management is undertaken by the Council's Appointments and Appeals Panel (comprising of 7 elected members).
19. Each senior management grade consists of five increments and annual progression is dependent upon an annual review of performance, and acceptance of the officer concerned. The fifth increment within each grade can only be awarded for exceptional performance. The Council does not pay bonuses to any of its officers including the Senior Management team.
20. All members of the Senior Management team receive an essential user car allowance paid at the 'Middle Band' rate. They also have the option to join the Council's private medical scheme.
21. The Council applies the Joint National Conditions of Service for Chief Executives and Chief Officers and any nationally agreed salary increases are applied. From 1st April 2017 to 31st March 2018 the pay award was 1% for any senior officer under the salary threshold of £99,999.
22. The National Employers have made a pay offer covering the period 1 April 2018 to 31 March 2020, once the final position is agreed this will be reflected as appropriate.
23. The Council has an approved Change Management Policy which includes an Early Retirement, Flexible Retirement and Redundancy policy and this will be applied equally to all members of staff.
24. All officers of the Council are entitled to join the Local Government Pension Scheme (LGPS). The LGPS is a contributory scheme; employees contribute between 5.5% and 12.5% of their pensionable pay to the scheme.

Actual Pensionable Pay	Employee contribution from April 2017
Up to £13,700	5.5%
£13,701 - £21,400	5.8%
£21,401 - £34,700	6.5%
£34,701 - £43,900	6.8%
£43,901 - £61,300	8.5%
£61,301 - £86,800	9.9%
£86,801 - £102,200	10.5%
£102,201 - £153,300	11.4%
More than £153,300	12.5%

25. Employers' contributions to the LGPS vary depending upon how much is needed to ensure benefits under the Scheme are properly funded, and are set independently. The rules governing the pension scheme are contained in regulations made by Parliament.
26. Under this pay policy, the council plans to meet the cost of subscriptions for senior managers to the Association of Local Authority Chief Executives, in addition to one existing professional subscription for each officer. Directors and Statutory Officers are eligible for membership of ALACE.
27. To inform the 2019 pay policy, the council plans to undertake a review of pay and grading within the council, as one of the objectives of its 'Our People Strategy'. This will include a review of terms and conditions of employment for senior managers.

Lowest Paid Employees

28. The pay ratio between the highest paid employee and the lowest paid employee is 6.8:1. The Hutton Review on Senior Pay for the Government published in 2011 recommended a maximum ratio of 20:1, and therefore the Council complies with the Hutton recommendations. This also remains in line with our aspirations for our people where we commit to pay policies and decisions that enable us never to have a ratio beyond 15:1.

All Other Employees

29. The Council currently has an establishment of 329 full time equivalent posts projected to 31 March 2018. The establishment report is presented to Full Council annually in March. In addition to its in-house workforce, the Council delivers services in partnership with a number of private sector partners, other public bodies, social enterprises and community organisations. Examples include the recycling service; housing repairs service; culture, sport and art services; payroll services.
30. The current pay scales for all colleagues employed by the Council are attached at appendix 3.
31. The Council has adopted the National Joint Council's job evaluation scheme and all jobs (other than eight senior managers and apprentices) are evaluated using this scheme to determine the grade for the post.
32. The Council has adopted the National Joint Conditions of Service for all employees and any nationally agreed salary increases are applied. The Local Government Association are currently reviewing the NJC spinal column points to meet the demands of maintaining the differential due to the Government Living Wage increasing beyond the percentage annual pay rises. These changes are likely to take effect in April 2019.

33. All officers from scp 29 are given the option to join the Council's private medical scheme. All other colleagues below scp 29 have the option to join a healthcare cash plan scheme which is paid for by NKDC.

Election Expenses

34. When elections are held, the Chief Executive acts as the Returning Officer. Fees for local elections are agreed annually by all Councils within Lincolnshire. The fees for national elections are set by HM Treasury so this Council has no direct control over the level of payments.

Apprentices

35. The Apprentice rates from 1 April 2017 are as follows:

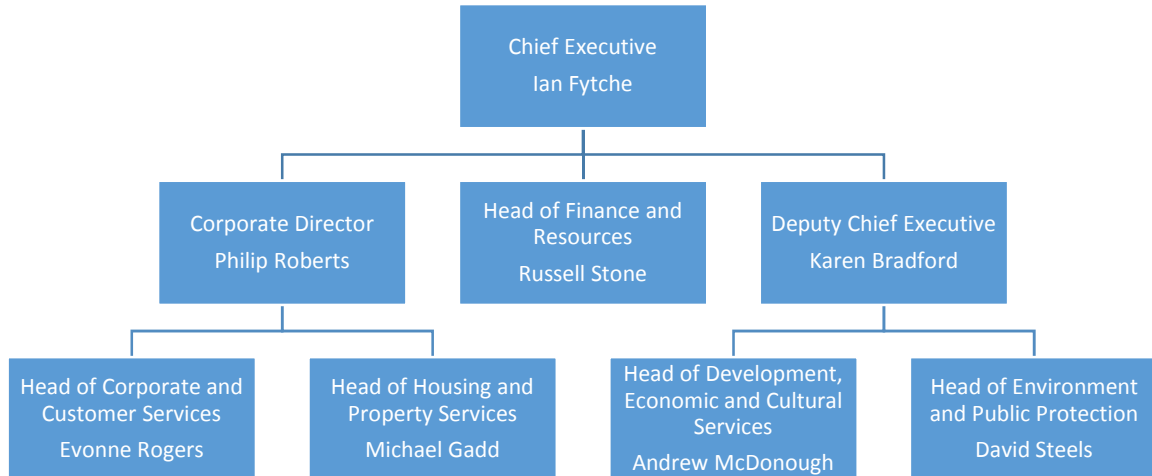
New starters under 21 years old	£9801.08
After 12 months service or once NVQ is completed	£11965.85
Entrants aged over 21 years old or those who on entry to the scheme hold a degree will receive the Living Wage which is £11,965.85 plus a supplement of £4336.15 per annum. If an annual pay award is nationally agreed then only the contracted salary will increase, decreasing the supplement, to ensure the living wage is still received.	£16302.00

Living Wage

36. In April 2013, North Kesteven District Council implemented the Living Wage Foundation rate for any officer who earns less than this on the current NJC scales. This was received positively by colleagues and Unions.

Appendix 1

Senior Management Team



Appendix 2

Salary Grades for Senior Management

	From 1 April 2017	From 1 April 2018
Chief Executive	102,586 104,637 106,731 108,865 111,042	102,586 104,637 106,731 108,865 111,042
Deputy Chief Executive	85,927 87,630 88,901 90,502 92,131	90,543 92,173 93,832 95,521 97,240
Corporate Director	81,983 83,502 85,028 86,449 88,118	87,369 88,942 90,543 92,173 93,832
Head of Finance and Resources	67,423 68,949 70,473 72,094 73,753	71,802 73,094 74,410 75,749 77,112
Heads of Service	61,294	64,066
Housing and Property	62,681	65,540
Corporate and Customer Services	64,066	67,048
Development Economic and Cultural Services	65,540	68,255
Environment and Public Protection	67,048	69,484

All increments awarded to Chief Executives, Directors and Heads of Service are dependent upon an annual review of performance. There is an option to pay the additional increment for exceptional services, market forces, one-off projects.

APPENDIX 3

INFORMATION SHEET

**LOCAL CONDITIONS OF SERVICE INCLUDING THE REVISED SALARY
STRUCTURE FROM 1 APRIL 2017**

J.E. Points	Lower Band	scp	Increment al Point	Annual Leave	Annual Leave after 5 Years	Notice Period	Medical Insurance
		1		24 Days	29 Days	1 Month	
		2		24 Days	29 Days	1 Month	
		3		24 Days	29 Days	1 Month	
		4		24 Days	29 Days	1 Month	
		5		24 Days	29 Days	1 Month	
		6		24 Days	29 Days	1 Month	
		7		24 Days	29 Days	1 Month	
0 - 339	Grade 1/2	8	16302	24 Days	29 Days	1 Month	
340-369	Grade 3	9	16302	24 Days	29 Days	1 Month	
		10	16302	24 Days	29 Days	1 Month	
370-399	Grade 4	11	16302	24 Days	29 Days	1 Month)
		12	16302	24 Days	29 Days	1 Month)
		13	16491	24 Days	29 Days	1 Month)
400-429	Grade 5	14	16781	24 Days	29 Days	1 Month)
		15	17072	24 Days	29 Days	1 Month)
		16	17419	24 Days	29 Days	1 Month)
		17	17772	24 Days	29 Days	1 Month)
		18	18070	24 Days	29 Days	2 Months)Healthshi eld
430-449	Grade 6	19	18746	24 Days	29 Days	2 Months)
		20	19430	24 Days	29 Days	2 Months)
		21	20138	24 Days	29 Days	2 Months)
450-479	Grade 7	22	20661	25 Days	30 Days	2 Months)
		23	21268	25 Days	30 Days	2 Months)
		24	21962	25 Days	30 Days	2 Months)
		25	22658	25 Days	30 Days	2 Months)
480-499	Grade 8	26	23398	25 Days	30 Days	2 Months)
		27	24174	25 Days	30 Days	2 Months)
		28	24964	25 Days	30 Days	2 Months)
500-539	Grade 9	29	25951	27 Days	32 Days	2 Months)
		30	26822	27 Days	32 Days	2 Months)
		31	27668	27 Days	32 Days	2 Months)
	Upper Grade 9	32	28485	27 Days	32 Days	2 Months)
		33	29323	27 Days	32 Days	2 Months)
		34	30153	27 Days	32 Days	2 Months)
540-569	Grade 10	35	30785	27 Days	32 Days	2 Months)
		36	31601	27 Days	32 Days	2 Months)

570-599	Grade 11	37	32486	27 Days	32 Days	3 Months)
		38	33437	27 Days	32 Days	3 Months)
		39	34538	27 Days	32 Days	3 Months)Aviva
<hr/>		40	35444	27 Days	32 Days	3 Months)
600-649	Grade 12	41	36379	27 Days	32 Days	3 Months)
		42	37306	27 Days	32 Days	3 Months)
<hr/>		43	38237	27 Days	32 Days	3 Months)
650-699	Grade 13	44	39177	27 Days	32 Days	3 Months)
		45	40057	27 Days	32 Days	3 Months)
<hr/>		46	41025	27 Days	32 Days	3 Months)
700-769	Grade 14	47	41967	27 Days	32 Days	3 Months)
		48	42899	27 Days	32 Days	3 Months)
<hr/>		49	43821	27 Days	32 Days	3 Months)
770 +	Grade 15	50	43879	27 Days	32 Days	3 Months)
		51	45678	27 Days	32 Days	3 Months)
		52	45689	27 Days	32 Days	3 Months)
		53	46598	27 Days	32 Days	3 Months)
		54	47499	27 Days	32 Days	3 Months)