

Pay Policy Statement

Date created: March 2007
Responsible Officer: HR & Payroll Manager

Date of review/revision	Amendments made
April 2016	Section 5 - Inclusion of living wage commitment
April 2017	Section 14 – Inclusion of pension contribution rates

Date for next review: April 2018

This policy applies to all employees of the Local Government Association and Improvement & Development Agency for Local Government.

Pay Policy Statement

1. Purpose

The LGA's pay model seeks to:

- Attract talented people with the right skills and abilities in competition with the marketplace
- Fit with organisational culture and support business strategy
- Recognise the demands of the job and reward individuals fairly and equitably
- Retain staff to keep turnover to acceptable levels
- Motivate employees
- Keep employer costs reasonable to achieve the above
- Avoid abuses of the UK taxation system by restricting off payroll arrangements

2. Why has it been developed?

Our mission to support, promote and improve local government means that the LGA has a major role in upholding the sector's reputation. As such the LGA seeks to ensure it has clear and transparent policies which demonstrate accountability and value for money.

The LGA's pay arrangements reflect the need to recruit, retain and motivate skilled employees to ensure high levels of performance balanced with accountability. The arrangements recognise that flexibility is essential in ensuring the organisation has the most effective workforce to deliver services for the sector. They are underpinned by the principles of fairness and transparency.

3. Who does it apply to?

This statement applies to all employees and, where shown, agency workers and those who are engaged on a consultancy contract.

4. Job evaluation

In 2009 the LGA undertook a wholesale review of the pay and grading structures of its employees, bringing together disparate practices and pay arrangements into one cohesive pay and grading structure which was agreed with our recognised trade union, Unison.

The job evaluation (JE) process is applied to all jobs in the LGA with the exception of Director and Chief Executive roles, which fall outside the grading structure. JE is the process by which organisations evaluate job size from the largest and most highly paid job to the smallest, lowest paid. The LGA is committed to fairly determining pay in accordance with the equal pay legislation (now contained in the Equality Act 2010).

The LGA uses the Hay Job Evaluation Scheme.

5. Grades and salary bands

The LGA established its grading structure around total Hay point scores. The evaluation scores determine the pay grade that will apply to each post.

For roles at Director level and above, the LGA determines spot salaries. External advice is sought to ensure that salaries at this level reflect market levels and recommendations are made to the

Chairman and Group Leaders who are responsible for the final decision. Spot salaries are reviewed periodically, including consideration of market factors.

The LGA publishes the salaries of its Corporate Leadership Team on its website. These are updated annually to reflect the national pay award.

The LGA is committed to paying the UK Living Wage (for roles based outside of London) and the London Living Wage (for roles based in London). These are voluntary minimum hourly rate of pay set by the Living Wage Foundation.

6. Remuneration on recruitment

The same recruitment policies apply to all employees regardless of grade, including both the most senior officers and the lower paid, who take up a new appointment with the LGA.

Candidates are normally appointed on the minimum salary point of the grade for the post. If a candidate is already being paid above the minimum point of the post they are applying for, the appointment will usually be on the next highest increment above their current salary, subject to the maximum of the grade.

The LGA does not have a scheme for the reimbursement of relocation expenses.

7. Increases in Pay and Pay Progression

Where applicable, pay increases are in line with the annual pay award for the National Joint Council for Local Government Services.

The LGA does not operate a performance related pay scheme. Following agreement with Unison, the LGA has established a closer link between pay and performance and incremental increases are subject to the annual appraisal and performance management cycle.

8. The use of bonuses

The LGA does not have a bonus scheme. The Chief Executive has the ability to make discretionary honoraria payments in line with the LGA's Special Rewards Policy.

9. Re-engagement

The LGA does not re-engage ex employees who have left with a redundancy or pension payment, for at least two years, unless in exceptional circumstances e.g. where an employee may have retrained in an area of skills shortage. A business case is required before a final decision is made and is subject to approval by the Chief Executive.

10. Payment for acting up or additional duties

When an employee is required to complete work of a higher graded post or undertake duties outside the scope of their role, the LGA may consider a payment in line with the JE scheme and grading structure. Payments are subject to review and for defined periods.

11. Unsocial hours payments or overtime

In general the LGA does not make unsocial hours or overtime payments. However in certain agreed circumstances additional payments may be made for participation in out of hours activity (such as the Media and Facilities Management Teams).

12. Car and motor cycle allowances

Although the expectation is that employees will use public transport wherever possible, the LGA operates a car and motorcycle allowance scheme for the purpose of reimbursing employees for the cost of travel incurred in the course of their duties. The same policy applies to all employees and is outlined in the Expenses and Subsistence Policy. The LGA does not operate any leased car or car loan arrangements. Reimbursement for mileage is paid at the HMRC rate.

13. Payment on ceasing to be employed by the LGA

The LGA operates the same redundancy policy for all staff. These arrangements are detailed in the LGA's Management of Change Policy and subject to consultation with Unison.

The LGA will ensure that termination costs are included in any bids for external funding that includes staff to ensure that the LGA budget is not liable for costs, unless there is an explicit joint funding agreement.

Payment in respect of pensions must in line with the LGA's Pensions Discretions Policy.

In rare circumstances, it may be prudent for the LGA to reach agreement with an individual on ending their employment and to make payment in recognition of loss of office. In such circumstances, individuals compromise their ability to raise any legal challenge and are subject to confidentiality clauses in return for a payment. Payments must be proportionate to the specific circumstances and agreed by the Chief Executive and managed on behalf of the LGA by a member of the HR & Payroll team.

14. Pensions

Members agree the LGA's Pensions Discretions Policy which sets out the current arrangements by which the LGA will exercise its decisions in line with The Discretions under the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006.

The current employee contribution rates for pensions (from April 2017) are as follows –

Pensionable Pay for Employment	Main Scheme contribution rate	50/50 contribution rate
	Gross Contribution	Gross Contribution
£0 - £13,700	5.50%	2.75%
£13,701 - £21,400	5.80%	2.90%
£21,401 - £34,700	6.50%	3.25%
£34,701 - £43,900	6.80%	3.40%
£43,901 - £61,300	8.50%	4.25%
£61,301 - £86,800	9.90%	4.95%
£86,801 - £102,200	10.50%	5.25%
£102,201 - £153,300	11.40%	5.70%
Over £153,300	12.50%	6.25%

The employers' contribution rates are currently 11.4% (LGA) and 19.2% (IDeA)

15. Use of consultants and agency workers

It is the LGA's practice only to appoint to posts within our agreed organisational establishment. In exceptional circumstances temporary appointments may be made outside the establishment, subject to a business case approved by the Chief Executive.

The LGA is mindful of the need to secure value for money from all appointments, and to ensure that no individual is able inappropriately to achieve a more favourable position in respect of their tax arrangements. The LGA will have proper regard to this principle in determining the form of contract most appropriate to the particular circumstances of the engagement. The LGA may use consultants to cover irregular and fixed term pieces of work where either the skills or capacity are not available within the established structure.

Interim employees not appointed on LGA contracts of employment will not be used for longer than 140 days in any financial year and will only be used to cover additional and specified activity outside the organisation's core establishment.