

To: The Chair and Members of the Shadow Authority for Westmorland and Furness Council

Supplement

Dear Councillor

**SHADOW AUTHORITY FOR WESTMORLAND AND FURNESS COUNCIL -
WEDNESDAY, 28 SEPTEMBER 2022**

I am now able to enclose, for consideration at next Wednesday, 28th September, 2022 meeting of the Shadow Authority for Westmorland and Furness Council, the following report which was marked 'to follow' on the agenda:

Agenda Item No 9 – Senior Leadership Pay Policy

Yours sincerely

**Caroline Elwood
Interim Monitoring Officer**

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Westmorland and Furness Shadow Authority Meeting

Date **28 September 2022**

Title **Senior Leadership Pay Policy Statement**

Report From: Interim Head of Paid Service

Report Author: LGR Technical Lead, Organisational and
Development and Human Resources (OD&HR)
Workstream

Wards: All

Key Decision: No

1.0 Purpose/Summary of report

- 1.1 Under section 112 of the Local Government Act 1972, local authorities have the power to appoint officers on such reasonable terms and conditions as the authority thinks fit. Westmorland and Furness Council is legally required to appoint in line with its Pay Policy Statement.
- 1.2 The Structural Changes Order requires that each Shadow Authority must before 31 December 2022 appoint a person to become, on and after that date, in the case of Westmorland and Furness Council, that Council's Head of Paid Service, Monitoring Officer and Chief Finance (s151) Officer. In addition, the proposed structures for the senior leadership team have been developed and are currently being consulted on. It is the intention to appoint to these roles in advance of Vesting Day, to enable the senior leadership team appointments to take effect from 1 April 2023. To enable the senior leadership team appointment to be made in advance of 1 April 2023, this report details proposals and recommendations on the Senior Leadership Pay Policy only.
- 1.3 The attached Pay Policy Statement at Appendix 2 replaces the Pay Policy Statement which was agreed by the Full Shadow Authority at its meeting on 22 July 2022.
- 1.4 The Pay Policy Statement will be further updated and come back to the Full Shadow Authority at a later date for approval, containing details for all employees of Westmorland and Furness Council.

2.0 Recommendation

2.1 It is recommended that the Shadow Authority:-

(1) Adopts the Pay Policy Statement at Appendix 2 as it relates to the Senior Leadership Posts.

3.0 Background and Proposals

- 3.1 The Structural Changes Order requires that each Shadow Authority must before 31 December 2022 appoint a person to become, on and after that date, in the case of Westmorland and Furness Council, that Council's Head of Paid Service, Monitoring Officer and Chief Finance (s151) Officer.
- 3.2 At its meeting on 22 July 2022, the Shadow Authority agreed the Interim Pay Policy Statement for the Chief Executive post.
- 3.3 The proposed structures for Tiers 2 and 3 of the new Westmorland and Furness Council have been developed and are currently being consulted on. The proposed structures will be finalised following the close of consultation. If agreed, it is the intention to appoint to the roles in the new structures in advance of Vesting Day. This is to enable the senior leadership team appointments to take effect from 1 April 2023, providing the required senior leadership capacity and supporting the council to be fully operational from Day 1.
- 3.4 Due to the requirement for the Head of Paid Service (Chief Executive), Monitoring Officer (Chief Legal and Monitoring Officer) and Chief Finance Officer (Director of Resources (s.151 Officer), to take up their appointment on and after 31 December, these posts need to be ratified by the Shadow Authority at its meeting of 28 September. For these reasons, the salary ranges for these roles were agreed for the purposes of advertising the roles by the Senior Appointments Committee before the pay policy has been agreed.
- 3.5 The senior leadership posts are the first roles which are proposed to be created for the new Unitary Council. The design principles for the proposed new senior leadership structure for Westmorland and Furness council reflects its significant ambitions and its core value of recognising the workforce as its greatest asset. The proposed reward principles to support this, are that the pay arrangements for the senior leaders, will:
- Capture the aspirations and expectations of a new progressive, modern council
 - Reflect a philosophy of fairness and transparency

- Recognise that setting up a new organisation requires skilled and knowledgeable staff who are able to operate at pace
 - Requires reward arrangements and terms and conditions that are attractive in order to attract and retain staff
 - Be affordable and provide value for money
- 3.6 The proposed scale and scope of senior leadership roles will be significant, including leading and supporting the transformation programme to deliver the operating model and culture for the new Council.
- 3.7 The accountability, scope and scale of transformation and delivery is significant and, in order to attract and retain high-quality senior leaders, it is recommended that the new Council sets its salaries by reference to sector benchmarking information along with current market forces.
- 3.8 For pay at this level there are two broad options:
- A pay range with incremental steps up to a salary maximum (a) or spot salary within an agreed range (b).
 - a. A pay range, with incremental steps (not-time based) reflects a candidate's growth into the role, recognises contribution, provides flexibility, and minimises the need for any market supplements. This is the best option that the Council will take forward to build out the new organisation.
 - b. A spot salary provides greater pay control, and any changes are discretionary and managed through a pay governance process
- 3.9 It is recommended that the range for the senior leaderships roles, as detailed in para 3.13, is agreed by the Shadow Authority at this time and that the policy to determine future pay progression is developed by the new Council after 1 April 2023 in line with the wider Pay and Reward Strategy for the whole organisation.
- 3.10 The senior leadership pay structure will be further developed and aligned with the new total reward strategy for the whole council after 1 April 2023
- 3.11 At the point of recruitment to the position, pay will be set individually, based on the following components:
- The size of the job as determined by Korn Ferry Hay Job Evaluation

- The benchmark data for the market and sector rate for the post
- The assessed quality of the applicant, including core competencies, skills and experience balanced against candidate expectations
- Scarcity of the required skills
- Rationale for any differential offers

3.12 Table 1 below sets the proposed salary ranges for the Senior Leadership roles at Tiers 2 and 3.

Table 1: Proposed Senior Leadership Pay range

	Minimum	Maximum
Chief Executive	£170,000	£170,000
Tier 2	£125,000	£140,000
Tier 3, Level 1	£105,000	£118,000
Tier 3, Level 2	£88,000	£98,000
Tier 3, Level 3	£73,000	£81,000

This range is built around the Public Sector national median excluding London. It will provide the basis for a rational and affordable pay structure, taking account of the size and nature of our organisation. We are competing in a national marketplace for roles at these levels and this structure will enable the Council to attract and retain key personnel to build and develop the new organisation to deliver for our communities.

3.13 Benchmarking information has been obtained from our expert partner, Korn Ferry, using Korn Ferry Hay JE levels and associated National Public Sector pay data excluding London and taking account of the following criteria:

- Nature, complexity and size of the roles
- The need to attract and retain a high-quality Senior Leaders

3.14 The salary will be inclusive of any additional payments related to designations given to these posts.

Terms and Conditions

3.15 All sovereign councils currently apply Joint Negotiating Committee (JNC) for Chief Officers provisions in relation to conditions of service. It is proposed that this approach is also applied to the Senior Leadership roles to ensure that terms and conditions of employment are no less favourable than those accorded to other employees of the local authority.

3.16 Table 2 below, sets out the proposed Key Terms and Conditions for the Senior Leadership posts for Westmorland and Furness Council. Any additional terms and conditions and benefits will be detailed in the full Pay Policy Statement.

Table 2:

Terms and Conditions	Westmorland and Furness Council (proposed)
Annual Leave Entitlement	Minimum 30 days (In addition to statutory and other public holidays but inclusive of any long service leave, extra statutory and local holidays)
Pension	LGPS
Sick Pay Entitlements	Standard Local Government Terms: During first four months service - One month full pay After first four months' service, within the first year of service - One month full and two months' half pay During the second year of service - Two months full pay and two months half pay During third year of service - Four months' full pay and four months' half pay During the fourth and fifth years of service - Five months' full pay and five months' half pay After five years' service - Six months' full pay and six months' half pay
Notice Period	3 Months
Relocation	Where relocation would be of benefit to both employer and employee in the fulfilment of their duties, this will be provided in full accordance with HMRC guidelines and limited to the current £8,000 threshold. The entitlement to relocation payments will be decided at the discretion of the relevant member committee

4.0 Consultation

4.1 A LGR Joint Negotiating and Consultation Group, which is the formal mechanism for LGR consultation with the Trade Unions, is in place to inform on pay and terms and conditions for these roles.

5.0 Alternative Options

- 5.1 The Shadow Authority could choose not to accept the recommendations made but, for the reasons outlined in the report, this is not recommended.

6.0 Implications

Financial, Resources and Procurement

- 6.1 The revenue budget for the Unitary Council for 2023/24 will be approved by Full Council in February/ March 2023 and will ensure sufficient budget is provided for these roles as set out in a separate report on this agenda.

Human Resources

- 6.2 If an employee of one of the sovereign councils is appointed to one of the new roles on a substantive basis, they will move to the pay and terms and conditions of Westmorland and Furness Council as outlined in this Pay Policy with effect, in the case of the Chief Legal and Monitoring Officer and Director Resources (s151 Officer), from 31 December 2022 and for other senior leadership posts from 1 April 2023 or an agreed date after 1 April 2023. They will be issued with a new contract of employment to this effect.

Legal

- 6.3 The provisions regarding a Local Authorities obligations in respect of its pay policy statement are contained in the Localism Act 2011. Local Authorities are under a duty to prepare a pay policy statement for each financial year which must set out its policies for the year relating to the remuneration of its chief officers, its lowest paid employees and the relationship between the remuneration of chief officers and other employees. Other terms and conditions of employment must also be included.
- 6.4 It is incumbent upon the Shadow Authority to approve the pay policy statement at this point so that it can make decisions relating to the pay and terms of appointment of the Chief Legal and Monitoring Officer and Director Resources (s151 Officer) so that they can take up their appointment on and after 31 December 2022. Pay and terms and conditions for any new appointments to posts in the proposed new senior leadership structure must also be agreed. The reason is that when making a decision on terms and conditions and pay for Chief Officers a local authority is required to comply with its pay policy statement.

- 6.5 The pay policy statement must be approved by the Shadow Authority and this decision cannot be delegated.
- 6.6 There is a requirement for the pay policy statement to be approved before 31 March immediately preceding the year to which it relates. As the Authority was not in existence at that point this cannot be complied with.
- 6.7 By agreeing the attached Pay Policy Statement at Appendix 2, the Pay Policy statement agreed by full Council in July 2022 is superseded.

Health and Sustainability Impact Assessment

- 6.7 Have you completed a Health and Sustainability Impact Assessment?
No
- 6.8 If you have not completed an Impact Assessment, please explain your reasons: There are no direct health and sustainability issues relating to this report.

Equality and Diversity

- 6.9 Have you completed an Equality Impact Analysis? No
- 6.10 If you have not completed an Impact Analysis, please explain your reasons: There are no direct Equality and Diversity issues relating to this report. An Equality Impact Assessment will be made for the full senior leadership pay policy.

Contact Officers:

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Appendices Attached to this Report

Appendix No.	Name of Appendix
1	Salary Benchmarking Information
2	Pay Policy Statement

Background Documents Available

Name of Background document	
Shadow Authority 22 July – Chief Executive Pay Policy Report	Shadow Authority 22 July - Agenda and Minutes

Salary Benchmarking Information

Benchmarking information has been obtained from our expert partner, Korn Ferry, using Hay JE levels and associated National Public Sector pay data excluding London

Tier and Level	Lower Quartile	Median	Upper Quartile
Tier 2	£120,978	£139,483	£165,341
Tier 3, Level 1	£103,786	£118,681	£137,364
Tier 3, Level 2	£88,206	£97,837	£114,706
Tier 3, Level 3	£72,149	£80,758	£93,519

Westmorland & Furness Council
Interim Senior Leadership Pay Policy Statement

Introduction and Purpose

Under section 112 of the Local Government Act 1972, local authorities have the power to appoint officers on such reasonable terms and conditions as the authority thinks fit. This Senior Leadership Pay Policy Statement (the "statement") sets out Westmorland & Furness Council pay policy in accordance with the requirements of the Localism Act 2011.

This is an interim Pay Policy Statement, including details relating to senior leadership posts. This statement will be updated following agreement of the pay and grading structure for new appointments to other grades in the Council.

The purpose of the statement is to provide transparency with regard to the Council's approach to setting the pay of Senior Leaders (as listed in Tables 1 and 2) by identifying:

- The methods by which salaries are determined
- The detail and level of remuneration for Senior Leadership roles
- The responsibility of the Shadow Council to ensure that the provisions set out in this statement are applied consistently throughout the Council

Definitions

Chief Officer refers to the following roles in Westmorland & Furness Council (NB: The roles listed are subject to change following the close of consultation on proposed structures):

Table 1

Definition under the Localism Act 2011	Post Held at Westmorland & Furness Council	Post Tier and Level
The Head of Paid Service	Chief Executive Officer	Chief Executive
The Monitoring Officer	Chief Legal and Monitoring Officer	Tier 3, Level 2
Section 151 Officer	Director Resources (s151 Officer) (Director Level)	Tier 2

Statutory Chief Officers	Director of Public Health Director – Adult Social Care Director – Children’s Services	Tier 3, Level 1 Tier 2 Tier 2
Non-Statutory Officers	Assistant Chief Executive Director – Enabler Services Director – Thriving Places Director – Thriving Communities	Tier 3, Level 1 Tier 2 Tier 2 Tier 2

Other senior leadership posts, refers to all senior leadership roles at Tiers 2 and 3 in the Council that are not Chief Officer posts. The following table lists these roles (NB: The roles listed are subject to change following the close of consultation on proposed structures):

Table 2

Level	Westmorland and Furness Council
Tier 3, Level 2	Assistant Director – Customer and Digital Assistant Director – HR/OD Assistant Director – Finance Assistant Director – Commissioning and Procurement Assistant Director – Inclusion and Growth Assistant Director – Sustainable Transport and Highways Assistant Director – Housing Assistant Director – Operations (Adult Social Care) Assistant Director – Service Provision (Adult Social Care) Assistant Director – Education and Inclusion Assistant Director – Children and Families
Tier 3, Level 3	Assistant Director – ICT Assistant Director – Corporate Assets, Fleet and Capital Assistant Director – Climate and Natural Environment Assistant Director – Waste and Environmental Services Assistant Director – Safe and Strong Communities Assistant Director – Community Infrastructure Assistant Director – Quality, Resources and Transformation (Adult Social Care) Assistant Director – Quality, Resources and Transformation (Children’s Services)

Tiers refer to the reporting line for the role and **Levels** refers to the different size and level of roles within Tier 3 for the senior leadership pay and grading structure.

Decisions on Pay

When recruiting to all posts the Council takes full and proper account of all provisions of relevant employment law.

National pay frameworks are not specified for Chief Officers, and so the Council as an organisation will make the final decisions in determining the remuneration levels in accordance with the Council's constitution. Such determination takes into account the need to ensure value for money in respect of the use of public expenditure, balanced against the need to recruit and retain employees who can make the Council an effective and efficient organisation that delivers the best possible services for the people of Westmorland & Furness Council within its available resources.

The determination of the remuneration to be offered to any newly appointed Chief Executive, Section 151 Officer and Monitoring Officer is determined by the Full Shadow Council.

The Senior Appointments Committee is responsible for determining the terms and conditions for other Chief Officer posts

Responsibility for new appointments and remuneration packages for other Senior Leadership posts will be the responsibility of the Chief Executive (Head of Paid Service).

To meet specific operational requirements, it may be necessary for an employee to temporarily take on additional duties to their identified role. Where these duties form either part or the whole of the duties of another job a Responsibility Allowance or Acting Up Allowance is payable respectively, reflecting the job evaluated rate for those additional duties.

Grading and Pay Ranges

Grades and salary levels for the Chief Executive, Chief Officer and other Senior Leadership Posts are determined using the Korn Ferry Hay job evaluation methodology using external support from Korn Ferry (formerly Hay Group). Job evaluation is a consistent process used for determining the relative size of jobs. It is based on the systemic analysis of the different factors found within all jobs.

At the point of recruitment to the position, pay will be set individually, based on the following components:

- The size of the job as determined by Job Evaluation
- The benchmark data for the market and sector rate for the post
- The assessed quality of the applicant, including skills and experience balanced against candidate expectations
- Scarcity of the required skills

Remuneration Range for Senior Leadership Roles

NB: Please refer to Tables 1 and 2 to see which Tiers and Levels apply to individual roles

Table 3 - Senior Leadership Pay Range

	Minimum	Maximum
Chief Executive	£170,000	£170,000
Tier 2	£125,000	£140,000
Tier 3, Level 1	£105,000	£118,000
Tier 3, Level 2	£88,000	£98,000
Tier 3, Level 3	£73,000	£81,000

The Council will review market alignment every two years against the Korn Ferry national public sector market to support future pay decisions and minimise market supplements and pay drift.

Market Factor Supplements

There may be occasions when it is difficult to resource particular posts within the council and that it becomes necessary to take account of the external pay levels in the labour market. In these circumstances, and in order to attract and retain employees with particular experience, skills and capacity, the Council, where necessary, will ensure the requirement for such is objectively justified by reference to clear and transparent evidence of relevant market comparators. This will be done using data sources available from Korn Ferry and within the local government sector and outside, as appropriate. Subject to approval and in accordance with the Council's Market Supplement scheme, which is yet to be agreed, a market supplement to the salary scale for the grade may be considered.

Pay Increases

The council will participate in the national pay review process of the JNC to determine its annual increases.

Other Terms and Conditions Paid to Chief Executive (Head of Paid Service) and Tier 2 and Tier 3 Roles

Terms and Conditions	Cumberland Council/Westmorland & Furness Council
Annual Leave Entitlement	Minimum 30 days (In addition to statutory and other public holidays but inclusive of any long service leave, extra statutory and local holidays)
Pension	LGPS
Sick Pay Entitlements	Standard Local Government Terms: <ul style="list-style-type: none"> • During first four months service - One month full pay • After first four months' service, within the first year of service - One month full and two months' half pay • During the second year of service - Two months full pay and two months half pay • During third year of service - Four months' full pay and four months' half pay • During the fourth and fifth years of service - Five months' full pay and five months' half pay • After five years' service - Six months' full pay and six months' half pay
Notice Period	3 Months
Relocation	Where relocation would be of benefit to both employer and employee in the fulfilment of their duties, this will be provided in full accordance with HMRC guidelines and limited to the current £8,000 threshold. The entitlement to relocation payments will be decided at the discretion of the relevant member committee

Pension Contributions

Cumbria Local Government Pension Scheme is open to all employees, apart from teaching staff who have their own pension schemes.

Employees who are members of the Local Government Pension Scheme (LGPS) pay contributions from their salary dependent on earnings and the Council makes a contribution on their behalf in accordance with the LGPS Regulations.

A number of employees have transferred to the Council under a specific staff transfer arrangement which allowed them to continue membership of the NHS pension scheme. Employees and the Council both make contributions in accordance with the regulations of the NHS scheme.

Payments on Termination

The Council will comply with statutory guidance on exit payments and continues to monitor any proposed further reforms to exit payments. The Council will review, update and republish policies in line with any changes as they are implemented from Central Government.

Publication

The Pay Policy for the new Westmorland & Furness Council will be published in line with its legal obligations