



Annual Pay Policy Statement 2026/27

(The Localism Act 2011)



Introduction

The Localism Act 2011 requires the council to publish an annual Pay Policy Statement setting out its approach to pay, particularly for its senior staff ("chief officers") its lowest-paid employees. This statement has been approved by Full Council and will take effect from 1 April 2026. It is reviewed and approved each year by 31 March and may be amended mid-year in exceptional circumstances.

Once approved, the statement is published on the council's website. Its purpose is to provide transparency in how the council determines employee pay (excluding staff working in local authority schools), including the methods used to set salary levels, the remuneration of senior posts and lowest-paid roles, and the relationship between the two.

This Pay Policy Statement has been prepared in accordance with Section 38 of the Localism Act 2011 and with regard to the statutory guidance issued in 2012 and 2013.

Pay and Grading Structure

The council appoints employees on terms and conditions it considers appropriate for the effective delivery of its functions. In setting pay, the council complies with all relevant employment legislation and ensures that its pay and grading structures are free from discrimination. Pay differentials are objectively justified through established job evaluation processes that assess the requirements, demands and responsibilities of each role.

Most employees are remunerated using an objectively evaluated grade profile or job description aligned to the [Lancashire Pay Spine](#), the council's approved pay and grading structure. Posts up to Grade 6 are evaluated using the Local Government Single Status Job Evaluation Scheme (NJC), while managerial and professional roles are evaluated using the Hay Job Evaluation Scheme. Certain groups, such as Soulbury staff, Youth and Community Workers, employees who transferred from the NHS, and employees who have retained terms and conditions from other employers (following a Transfer of Undertakings (Protection of Employment) regulations (TUPE) transfer to the council), are paid in line with nationally or locally determined arrangements rather than the council's evaluated grading structure.

The council adopts national pay bargaining arrangements, applying nationally agreed annual pay awards to the pay spine. [Pay-related enhancements](#), and [allowances and expenses](#), are provided in accordance with nationally or locally agreed rates.

New appointments are normally made at the minimum point of the relevant grade, although hiring managers may offer a higher point where necessary to secure the best candidate. Employees normally progress through the grade by annual increment on 1 April, with heads of service able to accelerate progression in cases of exceptional merit or to support the retention of skilled staff. Any temporary additional payment for taking on extra duties must be approved in line with the council's honorarium policy.

The council may apply a market supplement where external pay levels make it difficult to attract or retain employees with the necessary skills, experience or specialist expertise. Any decision to use a market supplement will be based on clear, objective evidence, including relevant labour-market data and comparisons from within local government and other appropriate sectors.

Chief Officer Pay

The Localism Act 2011 defines chief officers as those holding the roles listed below, with the corresponding posts in the council's senior management structure shown in brackets:

- The Head of the Paid Service (the Chief Executive)
- The Monitoring Officer (the Director of Law and Governance)
- Statutory chief officers (the Executive Director of Education and Children's Services, Executive Director of Adults, Health and Wellbeing, Director of Finance and Commerce¹, and Director of Public Health, Wellbeing and Communities)
- Non-statutory chief officers (the Executive Director of Place, Executive Director Resources and other postholders who report directly to the Chief Executive or a statutory chief officer)
- Deputy chief officers (all other director grade posts and other postholders reporting directly to non-statutory chief officers).

Chief officers are employed on terms and conditions set out in the NJC for Local Government Services ("Green Book"), as amended, supplemented or superseded by the council determined conditions of service. The Chief Executive is subject to these provisions, with additional arrangements relating to Returning Officer duties and a time-limited restriction on re-employment.

All chief officer roles are evaluated using the Hay Job Evaluation Scheme, and the resulting score determines their placement on the Lancashire Pay Spine. Salary packages reflect job requirements, organisational size, comparative market rates and the relationship with other posts within the senior structure.

Details of chief officer salary levels (as at 1 April 2025, pending confirmation of the 2026-27 pay award) are set out below, and a structure chart identifying all posts falling within the statutory definition of chief officer is provided at Annex 1.

Chief Executive

- £244,543 per annum (spot salary, SCP 90).
- Returning Officer fee: additional payment calculated at £86.10 per elected councillor, based on 15% of the total fees payable to Deputy Returning Officers. (Applicable during county council elections; further details are set out in the [allowances and expenses table](#).)

¹ The title of this post will change to Corporate Director of Finance (Section 151 Officer) when the permanent postholder takes up the post in late spring.

Executive Directors

- Executive Director (ED) Grade: £147,066 (SCP 85) – £159,646 (SCP 89) per annum
- Market supplements:
 - Executive Director of Education and Children’s Services: £18,196
 - Executive Director of Adults, Health and Wellbeing: £20,000

Directors

- Director Grade 1 (D1): £97,330 (SCP 70) – £106,628 (SCP 74) per annum
- Director Grade 2 (D2): £108,696 (SCP 75) – £117,998 (SCP 79) per annum²
- Director Grade 3 (D3): £130,139 (SCP 80) – £142,331 (SCP 84) per annum
- Market supplement:
 - Director of Children’s Social Care: £20,000

There are several head of service roles that meet the statutory definition of non-statutory or deputy chief officer but are not employed on director grades or chief officer terms and conditions. Progression for these roles, and for all chief officers, normally occurs through an annual increment on 1 April, and salary levels increase in line with nationally agreed pay awards negotiated through the National Joint Council for Local Government Services.

Other pay elements

In addition to basic salary, chief officers are entitled to a lease car, with the council contributing up to £6,000 per year (£6,500 for the Chief Executive), or they may choose a cash alternative of £5,300 per year. Business mileage is reimbursed at HMRC advisory fuel rates, and other [allowances and expenses](#) may be claimed. Chief officers are not eligible for [payable enhancements](#).

Where necessary to meet operational requirements, a temporary supplement may be approved for taking on additional duties, in line with the council’s honorarium policy. Apart from normal incremental progression, remuneration is not linked to performance targets, and the council does not operate performance-related pay, bonus schemes, or any other cash incentives for chief officers.

Tax avoidance measures

Chief officers are paid through standard monthly payroll, with tax and national insurance deducted in accordance with HMRC requirements, and the council does not operate any arrangements designed to minimise tax liabilities.

² To support leadership retention and address prevailing market pressures during Local Government Reorganisation, the council has approved the extension of the Director Grade 2 (D2) pay band beyond its current £117,998 ceiling towards the £130,139 Director Grade 3 (D3) threshold, together with the use of market supplements and a long-band model, with any placement within the extended D2 range subject to a business case approved by the Chief Executive and Head of Paid Service.

Recruitment and Termination Arrangements for Chief Officers

Recruitment

The appointment and dismissal of the Chief Executive, Executive Directors, the Monitoring Officer and the Chief Financial Officer – who are collectively referred to as "senior officers" – are delegated to the Employment Committee, which is also responsible for appointing directors with statutory responsibilities. All chief officer appointments must follow statutory procedures requiring Cabinet Members to be notified of any proposed appointment, or dismissal, and given the opportunity to object. These are set out in the [Employment Committee's terms of reference](#), which form part of the council's constitution. Appointments or dismissals of the Chief Executive, Monitoring Officer or Chief Financial Officer also require Full Council approval before they take effect.

Pay on appointment is set within the evaluated grade for the role, taking account of the candidate's skills and experience, and the Employment Committee may agree a market supplement or additional relocation support outside the provisions of the council's relocation scheme where justified. Where recruitment is not possible or interim cover is required, the council may engage individuals under a contract for services, following appropriate procurement processes to ensure value for money. These engagements do not attract employer pension or national insurance contributions, and where an interim operates through a personal service company, the council is responsible for assessing and applying tax and national insurance obligations under IR35 rules. The posts of Director of Finance and Commerce³, Director of Strategy and Innovation, and Director of People, are being covered by interims. These posts have all been recruited to on a permanent basis with postholders due to take up the posts early to late spring.

Termination

Redundancy, early retirement and other termination payments for chief officers follow the council's established policies, which apply equally to all employees.

Redundancy payments, whether voluntary or compulsory, are calculated using the statutory redundancy payments scale. In line with the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006, the council does not use its discretion under Regulation 5 to base redundancy payments on an employee's actual week's pay where this exceeds the statutory limit, nor does it exercise its discretion under Regulation 6 to award any additional lump sum compensation beyond the statutory entitlement. For these purposes, a week's pay excludes any non-contractual payments and employer pension contributions.

³ The title of this post will change to Corporate Director of Finance (Section 151 Officer) when the permanent postholder takes up the post.

Under Regulation 31 of the Local Government Pension Scheme Regulations 2013, the council may award additional pension, but only in exceptional and justified circumstances and within the limits set out in the regulations, which are reviewed annually.

The council does not operate a policy of making additional payments to chief officers when they leave their role or cease employment. However, it may agree to waive or pay contractual notice where this is appropriate.

Any severance payment that falls outside the council's established policies must be authorised by, or on behalf of, Full Council in accordance with the statutory guidance on special severance payments. Such decisions must also demonstrate that the council has fully considered all employer responsibilities set out in that guidance.

Lowest Paid Employees

The lowest-paid employees are those paid at the minimum point on the council's grading structure.

The council has been a Foundation Living Wage employer since April 2014, and from 1 April 2026 the Foundation Living Wage of £13.45 per hour (£25,949 per annum) will apply to all non-school employees except apprentices. The rate will be updated within six months of any national revision, subject to approval by Full Council.

Entry-level apprentices will be paid £24,522 per annum from 1 April 2026, with annual increases aligned to changes in the National Living Wage.

Pay Relationships and Pay Multiples

The relationship between the pay of chief officers and other employees is determined through the council's job evaluation processes, which establish the grading of all posts.

In line with national guidance, the council publishes the pay multiple between the Chief Executive and the median full-time equivalent (FTE) salary. Based on 2025 data, this multiple is 1:8.88, calculated using the median FTE salary of £28,142 and the Chief Executive's remuneration including the lease car cash equivalent (total pay figure of £249,843).

The council monitors external labour market benchmarks as part of its ongoing review of pay, and it reassesses pay multiples each year when reviewing this statement, comparing them with similar local authorities. The council's policy aim is that the ratio between the highest paid officer and the median salary should not exceed 1:16, and the current multiple remains well within this threshold.

Governance and Decision Making

The Local Authorities (Functions and Responsibilities) (England) Regulations 2000 set out that certain staffing functions – such as appointing employees and determining

their terms and conditions, including dismissal procedures – cannot be exercised by a local authority's executive (Cabinet or Cabinet Member) and must instead be carried out by Full Council or by a committee or officer acting under Full Council's delegation.

Under the Local Authorities (Standing Orders) (England) Regulations 2001 and the 2015 Amendment Regulations, the dismissal or disciplinary action for most employees must be undertaken by the Head of the Paid Service (the Chief Executive) or a nominated officer. These provisions do not apply to chief officers, and the council's constitution assigns responsibility for appointment, dismissal and disciplinary matters relating to the Chief Executive and other senior posts to the Employment Committee, subject to the statutory Cabinet Member objection process.

Section 42 of the Localism Act 2011 provides that approval of the annual Pay Policy Statement cannot be delegated and must be given by Full Council.

Re-employment of Former Chief Officers

The council has adopted a number of pension administration discretions as the administering authority for the Lancashire County Pension Fund, and these include how pension benefits may be adjusted if an individual is re-employed. These are published on the [Fund's website](#).

Under the council's reorganisation, restructure and redundancy policy and procedure, employees who take voluntary redundancy must confirm that they will not seek re-employment with the council for three years after leaving.

In addition, the council will not re-engage any former employee in a chief officer role under a contract for services for a period of three years if they left with a severance payment, redundancy payment or council pension.

Pension Contributions

The council contributes to the Local Government Pension Scheme (LGPS) for eligible employees at a rate set by the Lancashire County Pension Fund's actuaries, reviewed every three years to ensure the fund remains properly financed. The employer contribution rate (effective from 1 April 2026) is 9.3% and applies until 31 March 2029. Employee contribution rates are reviewed annually and published on the [LGPS website](#).

For employees who are members of the Teachers' Pension Scheme, contribution rates for both employees and employers are reviewed each year on 1 April and published on the [Teachers' Pension Scheme website](#).

Similarly, employees who retain eligibility for the NHS Pension Scheme are subject to contribution rates that are reviewed annually, with current employee and employer rates published on the [NHS Pensions](#) and [NHS Employers websites](#).