

Report of the Chief Officer HR

Report to General Purposes Committee

Date: 8th March 2017

Subject: Approval of the 2017/18 Pay Policy Statement

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Is the decision eligible for Call-In?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Summary of main issues

1. This paper sets out the Pay Policy Statement for 2017/18. This is required under the Localism Act and must be annually approved by the Full Council before April.

Recommendations

2. The General Purposes Committee are recommended to:-
 - 2.1. Consider the review of the Pay Policy Statement and make recommendations to full Council to approve the Pay Policy Statement for the 2017/18 financial year.
 - 2.2. Make recommendations that any in year requirement to amend the Annual Pay Policy Statement as a consequence of changes to council policies is undertaken by the Director of Resources and Housing and/or the Chief Officer (HR) or on advice from the Section 151 Officer and that this is reported to the General Purposes Committee who will make recommendation to Full Council for approval.
 - 2.3. Receive assurances from the Deputy Chief Executive and the Chief Officer-HR, that the senior management pay structure is appropriate and complied with

1. Purpose of this report

- 1.1. The purpose of this report is to seek Members' views on the Pay Policy Statement- 2017/18 and for the Committee to make recommendations to Full Council to approve the changes before the start of the 2017/18 financial Year.

2. Background information

- 2.1. Local Authorities are required under section 38 of the Localism Act 2011 to prepare an Annual Pay Policy Statement. The statement must articulate the Council's policy towards the pay of its most senior staff and relationships with the pay of the rest of the work-force. The provisions of the Act do not apply to the employees of local authority schools.
- 2.2. Each local authority is an individual employer in its own right and has the autonomy to make decisions on pay that are appropriate to local circumstances and which deliver value for money for local taxpayers. The provisions of the Localism Act do not seek to change this or to determine what decisions on pay should be taken. However they require individual employing authorities to be clearer about their own policies in relation to pay.
- 2.3. The Annual Pay Policy Statement has been written to comply with Section 40 of the Localism Act which requires authorities, in developing their Pay Policy Statement, to have regard to any guidance published by the Secretary of State. This includes Communities and Local Government guidance on Openness and Accountability in Local Pay and the Code of Recommended Practice for Local Authorities on Data Transparency ("Open Data").
- 2.4. Under Section 38 the Localism Act and related guidance a Pay Policy Statement must as a minimum include:
 - 2.4.1. Chief Officer salaries and in addition; any policy to award additional fees for local election duties, expenses, bonuses, PRP, earn back, honoraria and ex-gratia payments and any termination or severance award arrangements;
 - 2.4.2. policy on other aspects of Chief Officer remuneration – recruitment, pay increases and additions, transparency, re-employment when the Chief Officer is in receipt of LGPS pension and/or a redundancy/severance payment, and;
 - 2.4.3. policy on remunerating the lowest paid in the workforce including the authority's definition of the lowest paid employee and the reasons for the definition e.g. the authority's lowest pay point and how it was decided;
 - 2.4.4. policy on relationship between the remuneration of Chief Officers and other staff – policy towards maintaining or reaching a specific pay multiple;
 - 2.4.5. Full Council being given the opportunity to consider salary packages in excess of £100k for new appointments before they are offered.¹

3. Main issues

3.1. Policy Compliance 2016/17

- 3.1.1. The Chief Officer HR and Deputy Chief Executive give their assurance that:

¹ This is undertaken by the Employment Committee, the committee appointed by Full Council for the purpose of appointing Senior Officers. See Employment Committee Terms of Reference

- a) The policy is up to date, fit for purpose, effectively communicated and routinely complied with and monitored
 - b) All appointments were made in compliance through the Employment Committee process and that there have been no departures from the Pay Policy Statement.
 - c) Salaries for all senior officer posts within scope of the Pay Policy Statement are determined by the appropriate nationally agreed pay scales appended within the Pay Policy Statement.
 - d) Any termination payments have been made within the national statutory framework through the appropriate approval process.
 - e) As required under the Code of Recommended Practice for Local Authorities on Data Transparency, pay and reward information for senior officers within scope is published annually on the Data Mill North.
- 3.1.2. Due to the nature of the statutory framework the policy remains relatively static; with the only major amendment considered being the Governments proposals and consultation on capping exit payments. Otherwise variations to pay are subject to discussion between the Chief Executive, Deputy Chief Executive and Executive portfolio holder; with advice given by the Chief Officer (HR). Employment Committee is required to manage appointments to posts covered by the Policy where new appointments and grading issues can be considered. Finally the General Purposes Committee is able to consider the policy before it is presented to Full Council.
- 3.1.3. In drafting the Pay Policy Statement the Council has used guidance available from the national employers and Government legislation and the focus of the Statement is on ensuring that the Council complies with the requirements under the Localism Act as set out in paragraphs 2.3 and 2.4.
- 3.1.4. The focus of the legislation relates to an overall annual pay policy and not to individual post-holders. The key principles underpinning the Pay Policy Statement are that the Council:
- Is committed to equity and fairness of treatment across the whole workforce
 - Is committed to openness, transparency and public accountability
 - Has the right to determine senior officer pay locally
 - Has ensured that senior officer pay and terms and conditions are in line with those applicable to other employees
 - Has sufficient flexibility to cope with a variety of changing circumstances
 - Needs to reflect local circumstances such as a shortage of particular skills
- 3.1.5 The pay multiple is the relationship between the median salary and the highest paid actual salary in the organisation, in Leeds as at December 2016 the ratio between the Chief Executive's voluntary reduced salary and median pay is 8.7:1.
- 3.1.6 With effect from 1st January 2017 the Council further increased its 'real' living wage rate of £8.01 per hour, (£15454 pa) to £8.25 equivalent to an annual salary of £15,917 (inclusive of pay award). The Council will continue to review the lowest hourly rate in line with annual budgets and is supportive of any outcome of the National Joint Council review of the NJC pay spine that was agreed within the 2016/18 pay settlement.

3.1.7 The median pay multiple in other regional authorities and core cities for 2016/17 (where available) and compared to the previous year's median pay multiple can be seen in the table below:-

Comparison - Median Pay Multiples for median salary and the highest paid

Local Authorities	2015/16	2016/17
Leeds	8.93:1²	8.7:1³
Bradford	9:1	9.0:1
Calderdale	5.8:1	6.2:1
Kirklees	8.0:1	Not available
Wakefield	8.9:1	8.3:1
Birmingham	8.4:1	8.5:1
Bristol	6.8:1	6.2:1
Cardiff	9:1	8.1:1
Liverpool	8.3:1	7.58:1
Manchester	8.89:1	8.89:1
Nottingham	10:1	8.1:1
Sheffield	9.3:1	8.4:1

- 3.1.8 Under the provisions of the Enterprise Act 2016 exit payments for public sector workers will be capped at £95k. However at the time of writing, this particular piece of the legislation has not yet been enacted. Once this has been introduced it is proposed any changes or possible in year amendments required to Annual Pay Policy and/or the Council's Policy statement on Pension Scheme Discretions will be undertaken by the Director of Resources and Housing and/or the Chief Officer (HR) or on advice from the Section 151 Officer and that this is reported to the General Purposes Committee who will make recommendation to Full Council for approval.
- 3.1.9 Similar legislation is also being considered regarding the requirement for public sector employees to refund exit payments if they earned more than £80k on exiting their previous organisation and are subsequently re-employed in the public sector.
- 3.1.10 Analysis of the inclusion and diversity data was carried out for the top 3 tiers of senior officers and compared with last year's information. This indicates there has been an increase of around 4% in the number of JNC positions held by BAME and female employees and a 2% increase in the number of disabled employees.
- 3.1.11 JNC declaration across all protective characteristics has increased which also includes carers, religion/faith beliefs and sexual orientation. Within the top 3 tiers of senior officers the main increase has been the declaration of sexual orientation by 14%, of which this year 0.90% have declared as Bisexual/Lesbian.

² As at March 2015 - The ratio between the Chief Executive's voluntary reduced salary and median pay

³ As at December 2016 - The ratio between the Chief Executive's voluntary reduced salary and median pay

4. Corporate Considerations

4.1. Consultation and Engagement

- 4.1.1 Other Councils in the region and nationally will be publishing policies from January 2017 onwards. A responsive media engagement strategy will be prepared which will reference any advice taken from the LGE in relation to other relevant Pay Policy statements.

4.2. Inclusion and Diversity / Cohesion and Integration

- 4.2.1 Analysis carried out indicates an improved position on the inclusion and diversity make up in the JNC position.

4.3. Council policies and City Priorities

- 4.3.1. The Pay Policy Statement is required by law and must be approved annually by Full Council prior to 1st April.

4.4. Resources and value for money

- 4.4.1. The Pay Policy Statement is a point of reference for the Council in assessing its senior management costs and its budget strategy.

4.5. Legal Implications, Access to Information and Call In

- 4.5.1. The draft policy has been assessed as complying with the requirements of the Localism Act.
- 4.5.2. It is proposed to report the Policy to the Full Council meeting on 29th March 2017, which is therefore compliant with the statutory requirements.

4.6. Risk Management

- 4.6.1. The Council will need to consider any implications of the published policy in terms of how stakeholders and the media respond.
- 4.6.2. Also it is noted that in Reviewing the Policy all requirements regarding pay issues have been complied with in 2016/17. Members are asked to note this compliance.

5. Conclusions

- 5.1. All Councils are legally obliged to provide, on an annual basis, a Pay Policy Statement. The proposed policy is intended to meet this requirement.

6. Recommendations

- 6.1. Consider the review of the Pay Policy Statement and make recommendations to full Council to approve the Pay Policy Statement for the 2017/18 financial year.
- 6.2. Make recommendations that any in year requirement to amend the Annual Pay Policy Statement as a consequence of changes to council policies is undertaken by the Director of Resources and Housing and/or the Chief Officer (HR) or on advice from the Section 151 Officer and that this is reported to the General Purposes Committee who will make recommendation to Full Council for approval.
- 6.3. Receive assurances from the Deputy Chief Executive and the Chief Officer-HR, that the senior management pay structure is appropriate and complied with.

See Appendix A - Pay Policy Statement 2017-18