

## ANNEX TO FULL COUNCIL REPORT

### Report of the Chief Officer (HR)

### Report to General Purposes Committee

**Date: 7<sup>th</sup> March 2018**

**Subject: Approval of the 2018/19 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 2018/19. This is required under the Localism Act and must be annually approved by the Full Council before 31 March 2018.

### Recommendations

2. The General Purposes Committee are asked to recommended to full Council:-
  - 2.1. Consideration and approval of the Pay Policy Statement for the 2018/19 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 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. Delegation to the Chief Officer (HR) of any necessary adjustments to the Council's pay scales arising from nationally agreed pay awards.

## **1. Purpose of this report**

- 1.1. The purpose of this report is to seek Members' views on the Pay Policy Statement- 2018/19 and for the Committee to make recommendations to Full Council to approve the changes before the start of the 2018/19 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 workforce. 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 clear 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, Performance Related Pay, 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.<sup>1</sup>

## **3. Main issues**

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<sup>1</sup> 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

### 3.1. Policy Compliance 2017/18

- 3.1.1. The Director (Resources and Housing), Chief Officer (HR) and Chief Officer (Financial Services) give their assurance that:
- a) The policy is up to date, fit for purpose, effectively communicated and routinely complied with and monitored
  - b) All appointments were made 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. 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 2017 the ratio between the Chief Executive's voluntary reduced salary and median pay is 8.47:1.
- 3.1.6 With effect from 1<sup>st</sup> April 2018 the Council will further increase its minimum pay rate to £8.75 equivalent to an annual salary of £16880 (inclusive of any pay award). The pay award for 2018 is currently under negotiation and the Council will continue to review the lowest hourly rate in line with annual budgets and the 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 2017/18 (where available) and compared to the previous year's median pay multiple can be seen in the table at Appendix B.
- 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. 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.
- 3.1.9 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 1% in the number of JNC positions held by BAME; 1% increase in females and a 3% decrease in the number of disabled colleagues.
- 3.1.10 JNC declaration across all protective characteristics, which includes carers, religion/faith and sexual orientation has remained the same as last year.

## **4. Corporate Considerations**

### **4.1. Consultation and Engagement**

- 4.1.1 Other Councils in the region and nationally will be publishing policies from January 2018 onwards.

### **4.2. Inclusion and Diversity / Cohesion and Integration**

- 4.2.1 Analysis carried out on the inclusion and diversity make up in the JNC position is described in 3.1.10

### **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 31<sup>st</sup> March 2018.

### **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 (Appendix A) has been assessed as complying with the requirements of the Localism Act 2011.
- 4.5.2. It is proposed to report the Policy to the Full Council meeting on 28 March 2018, 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 2017/18. 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**

7. The General Purposes Committee are asked to recommended to full Council:-

7.1. Consideration and approval of the Pay Policy Statement for the 2018/19 financial year as attached in Appendix A.

7.2. 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 this is reported to the General Purposes Committee who will make recommendation to Full Council for approval

7.3. Delegation to the Chief Officer (HR) of any necessary adjustments to the Council's pay scales arising from nationally agreed pay awards.

Appendix A -  
Policy  
Statement  
2018-19

Appendix B –  
Comparison  
Other Local  
Authorities

Local Authorities	2016/17	2017/18
<b>Leeds</b>	<b>8.7:1*</b>	<b>8.35:1*</b>
Bradford	9.0:1	9.1:1
Calderdale	6.2:1	6.17:1
Kirklees	7.97:1	Not available
Wakefield	8.3:1	8.3:1
Birmingham	8.5:1	8.21:1
Bristol	6.2:1	Not available
Cardiff	8.1:1	7:1
Liverpool	7.58:1	Not available
Manchester	8.89:1	8.33:1
Nottingham	8.1:1	8:1
Sheffield	8.4:1	8.3:1

Pay

of

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