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**Report of the Chief Officer (HR)**

**Report to General Purposes Committee**

**Date: 13<sup>th</sup> February 2019**

**Subject: Approval of the 2019/20 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 2019/20. This is required under the Localism Act 2011 and must be annually approved by the Full Council before 31 March 2019.

**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 2019/20 financial year as attached in appendix A.
  - 2.2. That any in year requirement to amend the Annual Pay Policy Statement as a consequence of changes to Council Policies is reported to the General Purposes Committee to consider recommending 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- 2019/20 and for the Committee to make recommendations to Full Council to approve the changes before the start of the 2019/20 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.

## **3. Main issues**

- 3.1 With effect from 1<sup>st</sup> April 2019 the Council will further increase its minimum pay rate to £9.00 equivalent to an annual salary of £17,364 (inclusive of any pay award). All employees employed as at 31<sup>st</sup> March 2018 will be assimilated on to the new pay spine at a minimum point of SCP2 £9.18 which exceeds the living wage foundation minimum. The national minimum rate of pay for apprentices aged 19 and below or in the first year of their apprenticeship is £3.70 all new starters including apprentices will received £9.00.
- 3.2 The pay multiple is the relationship between the median salary and the highest paid actual salary in the organisation, in Leeds as at December 2018 the ratio between the Chief Executive's voluntary reduced salary and median pay is 8.47:1.
- 3.3 The median pay multiple in other regional authorities and core cities for 2018/19 (where available) and compared to the previous year's median pay multiple can be seen in the table at Appendix B.
- 3.4 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.
- 3.5 JNC Declaration across all protective characteristics, which includes carers, religion and sexual orientation has remained the same as last year.
- 3.6 For the first time Gender Pay Reporting has been included in the Pay Policy Statement in advance of publication. This year has seen a significant reduction in our gender pay gap from 2017 when the women's mean hourly rate was 8.6% lower than men's to 2018 which shows that women's hourly rate is 6.3% lower than men's.

## **4. Corporate Considerations**

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

- 4.1.1 Other Councils in the region and nationally will be publishing policies from January 2019 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 3.6

## **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 2019.

## **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. It is proposed to report the Policy to the Full Council meeting on 27<sup>th</sup> March 2019, 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 2018/19. Members are asked to note this compliance.

## **5 Conclusions**

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 The General Purposes Committee are asked to recommend to full Council:-

6.2 Consideration and approval of the Pay Policy Statement for the 2019/20 financial year as attached in Appendix A.

6.3 That any in year requirement to amend the Annual Pay Policy Statement as a consequence of changes to Council Policies is reported to the General Purposes Committee to consider recommending to Full Council for approval.

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

Appendix A - Pay Policy Statement 2019/20

Appendix B – Comparison of Other Local Authorities

**Comparison - Median Pay Multiples for median salary and the highest paid declared in 2018/19 Pay Policy Statements**

<b>Local Authority</b>	<b>2018/19 median pay multiplier</b>
<b>Leeds</b>	8.47:1
Bradford	9.0:1
Calder dale	6.17:1
Kirklees	Not available
Wakefield	7.50:1
Birmingham	8.21:1
Bristol	Not available
Cardiff	7:1
Liverpool	7.19:1
Manchester	8.33:1
Nottingham	8:1
Sheffield	Not available



**Annual Pay Policy Statement  
Financial Year 2019/20**

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## **Section 1 - Introduction**

Sections 38 – 40 of the Localism Act 2011 require that the Authority produce a policy statement for each financial year that covers a number of matters concerning the pay of the Authority's staff, principally Chief Officers.

This policy is reviewed annually and is to be considered and approved by full Council at its meeting on 27<sup>th</sup> March 2019

This pay policy is in addition to the data on pay and rewards for staff which the Authority already publishes under the Code of Recommended Practice for Local Authorities on Data Transparency

This policy must be complied with for all decisions relating to the remuneration of, or other terms and conditions applying to, those senior officers listed in Section 2.

## **Section 2 - Policy Statement**

### **Definition of senior officers covered by the Pay Policy Statement**

This Pay Policy Statement covers a number of senior officers.

1. Head of the Paid Service, which in this Authority is the post of Chief Executive
2. City Solicitor, who is the Monitoring Officer, along with Five Directors covering:
  - Resources & Housing
  - City Development
  - Children & Families
  - Communities & Environment
  - Adults & Health
  - The Chief Officer Finance (appointed under section 151 of the Local Government Act 1972)
3. Those required to report directly to, or are directly accountable to, one or more of those described in 1-2 above.
4. This policy statement does not cover or include staff employed by schools and is not required to do so.

## Policy on remunerating senior officers

It is the policy of this Authority to establish a remuneration package for each senior officer post that is sufficient to attract and retain those with the appropriate skills, knowledge, experience, abilities and qualities that is consistent with the Authority's requirements of the post in question.

### Salaries and Appointment

The Authority may seek independent advice as a means of informing decisions on determining the pay scale for senior officer posts.

All new senior officer appointments will be made by the Employment Committee who will determine salary packages<sup>1</sup>.

Appointments will be made to the appropriate approved minimum point of the grade for the post in question unless there is evidence that a preferred candidate cannot be appointed without varying the remuneration package. In such circumstances incremental advancement within the grade range is permissible.

In exceptional circumstances the policy provides for a departure from the Pay Policy. All departures from this policy will be expressly justified and, in cases where he/she is not personally affected, will be authorised by the Chief Executive in consultation with members of the Employment Committee. In cases where he/she is personally affected, departures from the Policy will be authorised by Full Council.

Where the Employment Committee has not been involved in the appointment of a Senior Officer the appropriate Executive Members will be consulted with, including the Executive Member within whose portfolio the post reports, the Executive Member with responsibility for Human Resources and the Leader of the Council.

Information regarding any such decisions will be reported to the next meeting of Full Council.

Honoraria<sup>2</sup> may be payable in circumstances where additional duties and responsibilities are undertaken which are over and above those which could be reasonably accommodated within existing terms and conditions of employment.

Market supplements may be paid only where it has been established that there is a significant risk of not being able to retain/replace staff with specific knowledge and skills essential to the delivery of a particular service, project or corporate priority.

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<sup>1</sup> Senior Officers in this respect refers to the posts in Section 2 points 2 -3

<sup>2</sup> Including payments made for joint Authority duties

## Terms and Conditions

The Chief Executive is employed on terms and conditions set out under the Joint National Council for Chief Executives. All other senior officers are employed on terms and conditions set out under the Joint National Council for Chief Officers. Under these arrangements national pay awards are negotiated annually. Equivalent arrangements are also in place for staff covered by NHS terms & conditions following the transfer of Public Health in 2013.

Some aspects of remuneration are applicable to all staff (including senior officers covered by this policy). For completeness these are outlined below:

- Membership of the Local Government Pension Scheme; with employee contributions ranging from 5.5% (on salaries up to £14,100) to 12.5% (on salaries over £157,800).
- Car mileage expenses are based on a local collective agreement with HMRC rates used for casual car users. Other travel and subsistence rates are based on National Joint Council for Local Government Employee rates.
- Following appointment, incremental progression is made 1<sup>st</sup> April subject to having completed 6 months employment by that date. Where 6 months employment is completed after 1<sup>st</sup> April, then the first increment is paid on reaching 6 months employment. Subsequent annual incremental progression is on each 1<sup>st</sup> April thereafter.

The Director of Public Health (DPH) and Public Health Consultants transferred to the local Authority on 1st April 2013 and receive protection of general NHS Terms and Conditions that were in place at that point in time with the exception of nationally negotiated pay awards which are linked to future agreed NJC/JNC uplift rates. Public Health Consultant additional payments and allowances are in line with NHS rates.

## Bonuses and Performance Related Pay

For posts under this policy, the Authority does not currently operate a bonus or performance related pay scheme. Performance is considered however as part of a package to offer market supplements and retention pay when needed.

## Earn-Back

The Authority does not operate a scheme of remuneration linked to Earn Back

## In year variations to pay scales

The Chief Officer (HR) is delegated to make any necessary adjustments to the Authority's pay scales arising from national pay awards.

## Termination Payments

All decisions relating to termination payments will be made by;

- Full Council – in respect of the Head of Paid Service, the City Solicitor and the s.151 officer.
- The Head of Paid Service– in respect of Directors
- Directors – in respect of those who directly report to them Termination payments may be made to senior officers covered by this policy. The maximum discretion for the Council is to award up to 104 weeks' pay under the national statutory framework.

Under this provision, payment will be subject to any legislation currently being considered to cap Public Sector exit payments including any changes to unreduced benefits. Payments made must demonstrate value for money and be conducive to the effective and efficient operation of the Authority.

The Leader of the Council will be informed in relation to any such termination payments.

### **Policy on remunerating the lowest paid in the workforce**

The policy of this Authority is to apply terms and conditions of employment and relevant national pay offers that have been negotiated and agreed through appropriate collective bargaining mechanisms (national or local) or as a consequence of council decisions, these are then incorporated into contracts of employment.

From 1<sup>st</sup> April 2019 a new pay spine will be introduced in line with National Joint Council for Local Government Services pay Agreement for 2018-2020. The lowest pay point in this Authority (excluding schools) with effect from 1<sup>st</sup> April 2019 is spinal column point ("SCP") 1, this will equate to an annual full time salary of £17,364 equivalent to an hourly rate of £9.00. The pay for all existing staff will be £9.18 or more which exceeds the living wage foundation minimum.

The recommended rate of the Living Wage Foundation announced in November 2018 is £9.00. From 1<sup>st</sup> April 2019 all employees employed as at 31<sup>st</sup> March 2019 will be assimilated onto the new pay spine at a minimum point of SCP2. The new SCP2 equates to annual salary of £17,711 and an equivalent hourly rate of £9.18, which is above the foundation living wage rate.

The council is committed to continuing to match the foundation Living Wage Rate (subject to affordability) for future years.

Based on the increased minimum hourly rate of £9.00, the pay multiplier between this and the substantive Chief Executive salary at 01/04/2019 will be 11.34:1 and based on his salary including a voluntary reduction the pay multiplier will be 10.59:1.

### **Policy on the relationship between Senior Officer Remuneration and that of other staff**

The highest paid salary is paid to the Chief Executive. At December 2018 the median salary in

Leeds City Council (not including Schools) is £22,401 based on substantive pay.

The ratio between the median and Chief Executive's substantive salary, the 'pay multiple' is 8.62:1 and based on the voluntary reduction, the pay multiple is 8.12:1.

This Authority does not have a policy on maintaining or reaching a specific 'pay multiple'. However the Authority is conscious of the need to ensure that the salary of the highest paid employee is not excessive and is consistent with the needs of the Authority as expressed in this policy statement.

The Authority's approach to the payment of staff is to pay that which the Authority needs to pay to recruit and retain staff with the skills, knowledge, experience, abilities and qualities needed for the post in question at the relevant time, and to ensure that the Authority meets any contractual requirements for staff including the application of any local or national collective agreements, or Authority decisions regarding pay.

### Gender Pay Gap

From 2017/18 all public and private sector employees with 250 or more employees were required to annually publish data on the gender pay gap within their organisation. The Gender Pay Gap is the difference between the average hourly earnings of all male employees in the organisation and the average hourly earnings of all female employees within the organisation based on a set "snapshot date", this being 31<sup>st</sup> March each year for public sector employees. Data from each snapshot date has to be published by 30<sup>th</sup> March the following year. The first snapshot date public employees were required to report on was 31/03/17 with results to be reported by 30/03/18, the reported Gender Pay Gap for Leeds City Council at this time was:-

Mean Hourly rate	Women's mean hourly rate is <b>8.6 %</b> lower than men's
Median Hourly rate	Women's median hourly rate is <b>13.1%</b> lower than men's

In addition, using the same snapshot date all organisations were obliged to report on the percentage of male and female staff by quartile, the results for Leeds City Council being:-

Top Quartile (highest paid)	58% women	42% men
Upper Middle Quartile	52.5% women	47.5% men
Lower Middle Quartile	53.3% women	46.7% men
Lower Quartile (lowest paid)	78.8% women	22.2% men

Results for the second year of reporting, based on a snapshot date of 31<sup>st</sup> March 2018 are as follows:-

Mean Hourly rate	Women's mean hourly rate is <b>6.3 %</b> lower than men's
Median Hourly rate	Women's median hourly rate is <b>10.8%</b> lower than men's

Top Quartile (highest paid)	58.7% women	41.3% men
Upper Middle Quartile	54.1% women	45.9% men
Lower Middle Quartile	55.2% women	44.8% men
Lower Quartile (lowest paid)	75.1% women	24.9% men

The results show a decrease in both the mean and median gender pay gap and an increase in the percentage of women in the top three pay quartiles

### **Re-employment of staff in receipt of a LGPS Pension or a Redundancy/Severance Payment**

The Authority is under a statutory duty to appoint on merit and has to ensure that it complies with all appropriate employment, pension and equalities legislation.

### **Obligations under the Code of Recommended Practice for Local Authorities on Data Transparency and the data which is published under The Accounts and Audit (England) Regulations (2011).**

The Authority will publish information on pay and rewards for staff falling under the criteria specified in the Code of Recommended Practice for Local Authorities on Data Transparency and which requires the Authority to provide information relating to those employees with salary packages above £50,000 and which fall below those of Chief Officers as specified above.

### Election Fees

Grant funding is made by the Cabinet Office for national elections and referendums which is paid to the Chief Executive in their capacity as Returning Officer. In turn these are apportioned to officers delegated to support the Returning Officer in accordance with criteria determined by the Chief Executive.

### Private Service Company Consultants

Individuals who operate as private service companies will not be engaged to cover senior officer posts covered by this policy.