

COUNCIL	AGENDA ITEM No. 15
6 MARCH 2019	PUBLIC REPORT

Report of:	Gillian Beasley, Chief Executive	
Cabinet Member(s) responsible:	Cllr Seaton - Resources	
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PAY POLICY 2019/20

R E C O M M E N D A T I O N S	
FROM: Chief Executive	Deadline date: <i>N.A.</i>
It is recommended that Council agree the 2019/20 Pay Policy.	

1. PURPOSE AND REASON FOR REPORT

- 1.1 Council is required by the Localism Act 2011 to pass a resolution approving the Pay Policy Statement for each financial year. This report asks council to approve the Pay Policy Statement for 2019/20.

2. BACKGROUND AND KEY ISSUES

- 2.1 The Localism Act (the Act) requires that the council approves a Pay Policy Statement that sets out the authority's policies for the financial year, relating to the remuneration of its chief officers, the remuneration of its lowest paid employees and the relationship between the remuneration of its chief officers and the remuneration of its employees who are not chief officers.
- 2.2 The Act contains specific items that must be included in the Pay Policy, and the statement recommended to council is compliant with those requirements. It has also been drafted having regard to the guidance provided by the Department of Communities and Local Government (now known as Ministry of Housing, Communities & Local Government) "Openness and accountability in local pay: Draft guidance under section 40 of the Localism Act" and supplementary guidance.
- 2.3 The requirement to approve, publish and comply with a Pay Policy Statement builds on the Code of Recommended Practice for Local Authorities on Data Transparency that has led to the council publishing data on senior salaries and the structure of the council's workforce. The requirement in the Act is based on the premise that elected members should have a significant input into how decisions on pay are made, particularly decisions on senior pay, and that they are open about policies that determine those decisions, to enable local taxpayers to take an informed view of whether local decisions on remuneration are fair and make the best use of public funds.
- 2.4 The Act and government guidance recognises that 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 Act does not impose policies, and only requires that authorities are open about how their own policies and local decisions are made.

- 2.5 Should the pay policy be amended during the financial year the Council would be required to approve such amendments and publish the amended policy accordingly.
- 2.6 The pay policy statement at appendix 1 demonstrates that between January 2018 - January 2019 the median salary in the council increased from £29,323 to £30,756. This is determined where the full time equivalent salaries of every employee are listed in order of value, and the value of the employee in the middle is used. The mean salary increased from £31,794 to £32,653. This is where the full time equivalent salary packages of every employee are added together and then divided by the total number of employees (in this case 1292). It should be noted that adding the salaries together is not the same as calculating the total pay bill. This is because full time equivalent salaries are used for these figures, but in the council a significant number of staff have part time contracts.

The Localism Act requires the council to state the relationship between the remuneration of its chief officers and those who are not chief officers, this was considered in the Hutton report on fair pay, which was asked to explore the case for a fixed limit on pay dispersion in the public sector through a requirement that no public sector manager can earn more than 20 times the lowest paid person in the organisation. The council would not expect that the remuneration of its highest paid officer would exceed 20 times the remuneration paid to its lowest paid employees, except in exceptional circumstances, which must be specifically authorised by the Employment Committee and reviewed annually.

The Chief Executive's remuneration is currently 9.76 times the remuneration of the lowest paid employees. Our lowest paid staff have seen an increase of 18.4% in six years, a much more significant rise than the chief executive whose salary has increased by 2.01%. Reasons for this are:-

- (a) there was no pay award for the Chief Executive role for four years,
- (b) the Chief Executive did not accept the national pay award in April 2018, and
- (c) the lower paid staff were awarded a pay award in April 2017 and 2018 that was higher than the rest of the workforce.

The lowest salary* increased from £17,043 to £17,775 which meant that the ratio of the highest salary to the lowest salary decreased from 10.18:1 to 9.76:1.

**The lowest paid employees are defined as those in the bottom 10% of employees by remuneration.*

3. CONSULTATION

- 3.1 The main information within this report has been shared with the joint Trade Unions.

4. IMPLICATIONS

Financial Implications

- 4.1 The pay policy has been checked and approved by the Corporate Director Finance.

Legal Implications

- 4.2 The pay policy sets out clearly the expectations detailed in the Localism Act.

Equalities Implications

- 4.3 An initial equality impact assessment (IEQIA) has not been carried out on the pay policy itself. However, IEQIA's are carried out on any changes that are proposed that impact on pay. One was undertaken for the revised pay scales effective from 1 April 2019.

5. BACKGROUND DOCUMENTS

Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985

- 5.1 Openness and accountability in local pay under section 40 of the Localism Act and supplementary guidance.
Hutton review of fair pay in the public sector 2011
Section 38 (1) of the Localism Act
Section 40 (1) of the Localism Act
Repayment of Public Sector Exit Payments Regulations 2015

6. APPENDICES

- 6.1 Appendix 1 – Pay Policy 2019-20

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