

# HR Committee

2<sup>nd</sup> February 2017



**Report of:** Interim Service Director Human Resources, Change and Communications

**Title:** The Council's Pay Policy Statement for 2017/18

**Ward:** N/A

**Officer Presenting Report:** Mark Williams (HR Business Partner)

**Contact Telephone Number:** (0117) 92 24838

## Recommendation

That the Committee recommends the Pay Policy Statement 2017/18 be approved by the Full Council.

## Summary

The purpose of this report is to consider the Pay Policy Statement for 2017/18. The Localism Act 2011 requires local authorities to agree and publish a pay policy statement annually before the start of the financial year to which the statement relates.

## The significant issues in the report are:

- As part of the response to the Council's financial situation, the pay of Strategic Directors and Service Directors is proposed to be frozen at 2016/17 levels, and there will be no progression from the Appointment Rate to the Competence Rate for Service Directors.
- The Council is working with the trade unions to reform the current pay spine, for which budget provision will be needed if implementation is to take place from 1<sup>st</sup> April 2018.
- Changes to the law in relation to exit payments and "off-payroll" working are planned but have not yet been enacted.



## Policy

1. The Localism Act 2011 requires local authorities to agree and publish a pay policy statement annually before the start of the financial year to which the statement relates.

## Consultation

### 2. Internal

The Senior Leadership Team has been consulted on the proposal to freeze the pay of Strategic Directors and has endorsed the proposal to freeze the pay of Service Directors and not allow progression from the Appointment Rate to the Competence Rate. The trade unions have been informed of these proposals.

### 3. External

None required.

## Context

4. The Pay Policy Statement explains the Council pay policies for its highest and lowest-paid employees. It is written and published in line with the Localism Act 2011 (the Act) and guidance issued by the Secretary of State (the Guidance). The draft Pay Policy Statement for 2017/18 forms Appendix A to this report.
5. The key change from the 2016/17 Pay Policy Statement is that pay for Strategic Directors and Service Directors will be frozen and no pay progression will be permitted for Service Directors. This is a response to the Council's financial situation. The pay freeze will affect 3 Strategic Directors and 20 Service Directors. The bar on pay progression will affect 18 Service Directors (there is one spot rate of pay for Strategic Directors and 2 Service Directors are already on the Competence Rate).
6. The Council continues to work with the trade unions in developing a new pay structure. Implementation was planned for 1<sup>st</sup> April 2017, but given the Council's financial situation this has been put back to 1<sup>st</sup> April 2018. It is likely that there will be additional costs involved in introducing a new pay spine. These will need to be considered and evaluated before any proposal is implemented. The design principles for the new pay structure are provided at Appendix B.
7. The Government still intends to introduce restrictions on exit payments, but these have yet to be enacted. The Government is also changing the law to further curtail "off-payroll" working in the public sector.

## Proposal

8. That the Committee recommends the Pay Policy Statement 2017/18 be approved by the Full Council.

## Other Options Considered

9. To not freeze pay and not prevent pay progression. This would add up to around £70k to the

Council's paybill.

## **Risk Assessment**

10. Failure to produce a compliant pay policy statement by the required deadline would place the Council in derogation of law.

## **Public Sector Equality Duties**

- 11a) Before making a decision, section 149 Equality Act 2010 requires that each decision-maker considers the need to promote equality for persons with the following "protected characteristics": age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation. Each decision-maker must, therefore, have due regard to the need to:
- i) Eliminate discrimination, harassment, victimisation and any other conduct prohibited under the Equality Act 2010.
  - ii) Advance equality of opportunity between persons who share a relevant protected characteristic and those who do not share it. This involves having due regard, in particular, to the need to --
    - remove or minimise disadvantage suffered by persons who share a relevant protected characteristic;
    - take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of people who do not share it (in relation to disabled people, this includes, in particular, steps to take account of disabled persons' disabilities);
    - encourage persons who share a protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.
  - iii) Foster good relations between persons who share a relevant protected characteristic and those who do not share it. This involves having due regard, in particular, to the need to –
    - tackle prejudice; and
    - promote understanding.
- 11b) An Equality Impact Relevance Check is attached at Appendix C.

## **Legal and Resource Implications**

### **Legal**

"This report fulfils the legal requirement placed on the Council by s.38(1) of the Localism Act 2011 to produce an annual pay policy statement."

Advice provided by Husinara Jones (Senior Practitioner (Solicitor)), 24<sup>th</sup> January 2017

### **Financial**

**(a) Revenue**

As indicated in the report, the financial implications of the revised/proposed new pay structure are not yet known as this is currently being developed. It is, however, essential that the financial implications of the proposed new pay structure are fully costed, over the period of the Medium Term Financial Plan (MTFP), to review its affordability in the context of the Council's overall budget constraints. Given the planned introduction of 1st April 2018, it is essential that this is considered as soon as possible to ensure that it can be considered in the context of the Council's MTFP.

**(b) Capital**

The pay structure for the Council relates to all staff, including those employed to deliver capital projects. Therefore, any changes to the current pay structure may have a financial implication on the cost of capital schemes, where the cost of employed staff are recharged to those capital schemes.

Advice provided by Kevin Lock (Finance Business Partner Resources), 24<sup>th</sup> January 2017

**Land**

Not applicable.

**Personnel**

"The new pay rates for Strategic Directors and Service Directors implemented on 1<sup>st</sup> June 2016 were inclusive of the 1% pay award agreed by the Joint Negotiating Committee for Chief Officers of Local Authorities for the years 2016/17 and 2017/18. There is no contractual right for Service Directors to progress from the Appointment Rate to the Competence Rate."

Advice provided by Mark Williams (HR Business Partner), 24<sup>th</sup> January 2017

**Appendices:**

A – Draft Pay Policy Statement for 2017/18

B – Design Principles

C – Equality Impact Relevance Check

**LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985****Background Papers:**

None.