

Full Council

14th November 2017



Report of: Human Resources Committee

Title: The Council's Pay Policy Statement for the period 15th November 2017 to 31st March 2019

Ward: N/A

Councillor Presenting Report: Councillor Kye Dudd (Chair of HR Committee)

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Recommendation

That full Council adopts the Pay Policy Statement.

Summary

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. Any amendments must also be approved by full Council.

The significant issues in the report are:

- New broad pay ranges for Group Directors and Directors have been informed by independent advice and benchmarking data from Korn Ferry Hay Group (a market leader in pay data and reward strategy). The ranges aim to allow flexibility in pay and to bridge the gap between the public/not-for-profit and private sectors and so encourage candidates from a range of backgrounds to apply.
- Starting pay will be within 10% of the minimum of each range unless otherwise agreed by the Employment and Remuneration Committee (currently HR Committee). Salaries above the mid-point are reserved for roles where there is clear evidence that the market rate is significantly higher than the mid-point.
- The proposed management structure will deliver full-year savings of around £750k through reducing the number of jobs at chief officer/deputy chief officer levels.
- The Employment and Remuneration Committee will give further consideration to pay progression within each of the new ranges and the potential use of variable pay in time for the next Pay Policy Statement in early 2019.

Policy

1. The Localism Act 2011 requires local authorities (the Full Council) to agree and publish a pay policy statement annually before the start of the financial year to which the statement relates. It is recommended to full Council by the HR Committee.
2. Any amendments to the pay policy statement are also recommended by the HR Committee for approval by full Council.
3. The Council's current Pay Policy Statement covers the period up to 31st March 2018.

Consultation

4. **Internal**
The Mayor.
Affected jobholders and trade unions are being consulted as part of consultation on the proposed management structure.
5. **External**
None required.

Context

6. 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 and guidance issued by the Secretary of State.
7. In light of the recently-published proposals regarding the Council's management structure, the current spot salaries (for Strategic Directors and Service Directors) are proposed to be replaced by new broad pay ranges for Group Directors and Directors, which have been informed by independent advice and benchmarking data from Korn Ferry Hay Group. The ranges aim to allow flexibility in pay and to bridge the gap between the public/not-for-profit and private sectors and so encourage candidates from a range of backgrounds to apply.
8. For Group Directors, the minimum of the range (£135,000) is roughly in line with the current median of the public sector and not-for-profit market (£134,608) and the maximum of the range (£165,000) is more or less in line with the current median of the industrial and services market (broadly-speaking the private sector, excluding financial services) (£164,109).
9. For Directors (Level 2), the minimum of the range (£94,000) is below the current average of the public sector and not-for-profit market (£100,611) and the maximum of the range (£120,000) mirrors the current median of the industrial and services market (£120,000).
10. For Directors (Level 1), the minimum of the range (£85,000) is below the current median of the public sector and not-for-profit market (£87,312) and the maximum of the range (£105,000) is between the current median (£102,779) and average (£107,813) of the industrial and services market.

11. Starting pay will be within 10% of the minimum of each range unless otherwise agreed by the Employment and Remuneration Committee (currently HR Committee). Salaries above the mid-point are reserved for roles where there is clear evidence that the market rate is significantly higher than the mid-point.
12. The proposed management structure will deliver full-year savings of around £750k through reducing the number of jobs at chief officer/deputy chief officer levels.
13. The Employment and Remuneration Committee will give further consideration to pay progression within each of the new ranges and the potential use of variable pay in time for the next Pay Policy Statement in early 2019.

Proposal

14. That full Council adopts the Pay Policy Statement.

Other Options Considered

15. None.

Risk Assessment

16. Failure to pay in line with market rates is likely to hamper the Council's ability to recruit and retain effective leaders and managers.

Public Sector Equality Duties

- 17a) 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.
- 17b) An Equality Impact Assessment has not been completed because the Council’s senior management is currently subject to review and the jobholders to whom the new pay ranges will apply is unknown pending a selection process.

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)), 10th October 2017.

Financial

(a) Revenue

“Council is recommended to adopt the Pay Policy Statement as appended to this report. Key changes relate specifically to the replacement of existing Directors grades for a broader range of salaries deemed commensurate for the nature of each role type. Taken in conjunction with the proposed changes to the management structure, as outlined in paragraph 12 of the report, they are estimated to deliver savings of some £750k, contributing towards savings of some £1.6m over the two years 2017-2019, as set out in the 2017/18 budget report agreed by Full Council in February 2017.”

(b) Capital

“None”

Advice provided by Chris Holme (Interim Head of Corporate Finance), 30th October 2017.

Land

Not applicable.

Personnel

“The personnel implications are covered in the report.”

Advice provided by John Walsh (Interim Service Director HR & Workforce), 30th October 2017.

Appendices:

A – Draft Pay Policy Statement

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

Background Papers:

None.