

Full Council

22 May 2018



Report of: Human Resources Committee

Title: The Council's Pay Policy Statement for 1st April 2018 to 31st March 2019

Ward: N/A

Councillor Presenting Report: Councillor Kye Dudd (Chair of Human Resources Committee)

Contact Telephone Number: (0117) 92 22000

Recommendation

That the Full Council approves the amended Pay Policy Statement for 2018-19.

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 the Full Council.

The significant issues in the report are:

- There are no material changes to the Pay Policy Statement; terminology has been updated to reflect the new management structure.



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 the Full Council by the HR Committee.
2. Any amendments to the pay policy statement are also recommended by the HR Committee for approval by the Full Council.

Consultation

3. **Internal**
None required as no material changes are proposed.
4. **External**
None required.

Context

5. 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.

Proposal

6. That the full Council approves the amended Pay Policy Statement for 2018-19.

Other Options Considered

7. None.

Risk Assessment

8. None.

Public Sector Equality Duties

- 9a) 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.

9b) An Equality Impact Assessment has not been completed because no material changes are proposed.

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 (Lawyer), 8th May 2018

Financial

(a) Revenue

"Council is recommended to adopt the Pay Policy Statement as appended to this report. There are no material changes to the Pay Policy Statement."

(b) Capital

"None"

Advice provided by Kevin Lock (Finance Manager), 8th May 2018

Land

Not applicable.

Personnel

"There are no implications. The changes set out in the policy just reflect the changes made to the senior management structure following consultation."

Advice provided by Mark Williams (Head of HR), 9th April 2018

Appendices:

A – Amended Pay Policy Statement

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

Background Papers:

None.

Bristol City Council

Pay Policy Statement
for the period
1st April 2018 to 31st March 2019

1. Introduction

- a. It is essential that the Council attracts and keeps people with the right talents and commitment to lead and deliver great services to Bristol's citizens. At the same time the Council has to get the best value for the taxpayer.
- b. This 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). It was approved by full Council on 22nd May 2018.
- c. The Guidance is clear that decisions on pay policies should be made by councillors. The Council is committed to making sure that all councillors have a say on how pay decisions are made, especially about its highest-paid employees. To achieve this, the Statement is reviewed every year. The Mayor is consulted, and any proposals made are taken into account. The draft statement is considered by the Human Resources Committee and finally by full Council. Both meetings are open to the public.
- d. In line with the law (the Local Authorities (Elected Mayor and Mayor's Assistant) (England) Regulations 2002), the pay of the Mayor's Assistant is set as the Mayor thinks fit, within the financial resources available to the Council. The Mayor's Assistant is currently paid at Director (Level 1).
- e. As recommended by the Guidance, this Statement sets out clearly and separately its policies on each of the requirements listed in the relevant sections of the Act. The Guidance says that this is to help enable taxpayers to decide whether they are getting value for money in the way that public money is spent on local authority pay and reward.
- f. The Council is committed to equal pay for all its employees and to removing any bias in its pay systems related to age, disability, gender, race, religion or belief or on the grounds of being bisexual, gay, lesbian or transgender. Equal pay applies to all contractual terms and conditions as well as pay.
- g. The Council aspires to be a Living Wage Employer, as accredited by the Living Wage Foundation. The Council has paid its own employees no less than the Foundation Living Wage since 1st October 2014.

2. Development priority for 2017/19

- a. The Council will work to reform its pay structure with the intention of implementing changes by 1st April 2019. The new pay structure will take the Foundation Living Wage as its starting point and will replace Bristol Grades 1 to 15. Proposals will be subject to equality impact assessment and will be negotiated with the trade unions.

3. Pay of the Council's highest-paid employees

- a. The Council's highest-paid employees are Executive Directors and Directors. These roles are graded using the Hay methodology and the salaries are informed by market (Public Sector & Not-For-Profit and Industrial & Service) data supplied by Korn Ferry Hay Group. For the period covered by this Statement the salary for Executive Director roles will range from £135,000 to £165,000 with a mid-point of £150,000. The salary for Director (Level 2) roles will range from £94,000 to £120,000 with a mid-point of £107,000. The salary for Director (Level 1) roles will range from £85,000 to £105,000 with a mid-point of £95,000.

4. Pay of the Council's lowest-paid employees

- a. The Council's lowest-paid employees are those who are paid the Foundation Living Wage. The Council has adopted this definition because it has decided that none of its employees should be paid less than the Foundation Living Wage. The Foundation Living Wage is £8.75 per hour with effect from 1st April 2018, which equates to a minimum salary of £16,882 (based on a full-time week of 37 hours). The rate of the Foundation Living Wage is refreshed each November, and the Council applies the new rate from the following 1st April.
- b. Apprentices in their first year are paid £5 per hour. Apprentices in their second year are paid £5 per hour until they are 18 years old and then at the National Living Wage for their age. Apprentices in their third year are paid the Foundation Living Wage. An additional allowance of £25 per week is paid to apprentices who have left local authority care, and this is paid throughout their apprenticeship for as long as they live in independent accommodation.
- c. Interns, student placements and trainees are normally paid the Foundation Living Wage.

5. Relationship between the pay of the Council's highest and lowest-paid employees

- a. Will Hutton's 2011 Review of Fair Pay in the Public Sector recommended that all public service organisations publish their top to median pay ratio to allow the public to hold them to account. The Government's terms of reference for the Hutton review suggested that no public sector manager should earn more than 20 times the lowest paid person in the organisation.

- b. The change in these ratios at the Council over recent years is shown in the following table:

Date	Top to median pay ratio	Top to lowest salary ratio
31 st March 2012	-	15.6:1
31 st March 2013	-	12.35:1
31 st March 2014	6.68:1	12.87:1
31 st March 2015	6.29:1	11.85:1
31 st December 2015	6.75:1	11.33:1
31 st December 2016	6.23:1	10.05:1
31 st December 2017	5.24:1	8.34:1

- c. For the period covered by this Statement the Council's top earner will be on a salary of up to £165,000 and the lowest-paid person will be on a salary of at least £16,882. This means that the Council's top to lowest salary ratio is 9.77:1.

6. Pay of Executive Directors and Directors when they start

- a. Pay will be within 10% of the minimum of the range unless otherwise agreed by the Human Resources Committee. Payment above the mid-point is reserved for roles where there is clear evidence that the market rate is significantly higher than the mid-point.
- b. The Guidance says that full Council should have the opportunity to vote before salary packages totalling £100,000 or more are offered for new appointments. Through its Constitution full Council delegates this to the Human Resources Committee.

7. Increases and additions to pay for Executive Directors and Directors

- a. The pay of Executive Directors and Directors will be reviewed each year through this Pay Policy Statement. The Council will be mindful of pay awards agreed by the Joint Negotiating Committee for Chief Executives of Local Authorities and the Joint Negotiating Committee for Chief Officers of Local Authorities. There will be no change to the ranges quoted in paragraph 3b above before 1st April 2019.

8. Performance-related pay for Executive Directors and Directors

- a. There is no performance-related pay for Executive Directors and Directors.

9. Bonuses for Executive Directors and Directors

- a. There are no bonuses for Executive Directors and Directors.

10. Pay of Executive Directors and Directors when they leave

- a. When an Executive Director or Director leaves they will be paid in line with what they are entitled to under their contract of employment (their notice period is three months) and the Council's policies.

- b. The Guidance says that full Council should have the opportunity to vote before severance packages costing £100,000 or more are paid to employees leaving the Council. The Government intends to go further than this and cap the cost of an employee leaving a job in the public sector at £95,000. The Council is advised that this is likely to be implemented at some point in 2018. Councils may be given the authority to approve severance packages that cost more than £95,000 by a vote of full Council, but guidance on this has not yet been published. Until this change happens, the Council's current policy will continue, which is that the dismissal and/or compensation for loss of office of Executive Directors and Directors is determined by the Human Resources Committee (except for the Head of Paid Service, Chief Finance Officer and Monitoring Officer, where this is a matter for full Council).
- c. The Government also intends to change the law so that someone who takes a severance package in the public sector can only work in the public sector again in the following 12 months if they pay back part of their severance payment. The Council is advised that this is also likely to be implemented at some point in 2018. Until this change happens the Council's current policy will continue, which is that employees who leave due to voluntary severance will not be re-employed by the Council in a paid job or engaged directly or through a company on an "off-payroll" basis for 12 months after they leave. (Off-payroll means a person who is paid via a company rather than through the payroll as an employee). Employees who leave due to compulsory redundancy are free to apply for re-employment with the Council at any point after they've left.

11. Paying Executive Directors and Directors "off-payroll"

- a. In line with IR35 the Council deducts and pays income tax and National Insurance contributions to HMRC in respect of payments made on or after 6th April 2017 to people engaged through personal service companies.

12. Returning Officer fees

- a. The Council's Returning Officer for elections and referenda is appointed by full Council. Fees are paid for these duties. They vary depending on the type of poll and are published prior to each election. Fees for most polls (including national elections and referenda) are set and paid by the Government (rather than the Council).

13. More information about the pay of Executive Director and Directors

- a. The Council is committed to being open about its policies on pay. Approved pay policy statements are published on the Council's website at www.bristol.gov.uk/council-spending-performance/senior-officers-pay. Other information that the Council has to publish under the Local Government Transparency Code 2015 is available via that webpage.