

# HR Committee

24<sup>th</sup> September 2020



**Report of:** Director of Workforce and Change

**Title:** Chief Officer and Chief Executive Pay Arrangements

**Ward:** N/A

**Officer Presenting Report:** Mark Williams, Head of Human Resources

**Contact Telephone Number:** 07795 446270

## Recommendation

It is recommended that the committee:-

- i) Notes the national pay settlements of 2.75% for Chief Executives and Chief Officers.
- ii) Approves the uplift the individual pay and pay ranges for the Chief Executive, Executive Directors and Directors in accordance with the JNC pay awards for 2020/2021 with effect from 1 April 2020.
- iii) Notes the Pay Policy Statement will be updated to reflect the uplift in pay bands and the impact on pay ratios.

## Summary

This report seeks the committee's approval to apply the national pay settlement of 2.75% to the pay of the Chief Executive, Executive Directors and Directors with effect from 1 April 2020.

## The significant issues in the report are:

- JNC Chief Executive and Chief Officers terms and conditions are determined by the Human Resources Committee.
- The committee is required to consider the implications of the JNC Chief Executive and JNC Chief Officers pay settlements and determine whether to apply the 2020/21 pay settlement locally.
- It is proposed that the individual pay and pay ranges of the Chief Executive, Executive Directors and Directors are uplifted as a consequence of the JNC pay awards.
- If the committee decides not to accept the recommendations contained within the report, the job holders and/or their trade union representatives will have the right to make further representations to the committee



## Policy

1. The policy of the Council in respect of Executive Director and Director pay is set out in the Council's Pay Policy Statement which states:

*"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 1<sup>st</sup> April 2020.*

*Executive Director and Director terms and conditions are determined by the Human Resources Committee or other Committee as specified in the Council's Constitution and, unless otherwise agreed, will be in accordance with either the JNC for Local Authority Chief Executives or Chief Officers Handbook."*

2. Full Council has delegated to the Human Resources Committee the discretion to determine whether national pay settlements should be awarded to the Chief Executive, Executive Directors and Directors. The accompanying report to Full Council when the Pay Policy Statement was approved in March 2020 stated:-

*".....there is a requirement to take into account any national pay settlements agreed by the Joint Negotiating Committee for Chief Executives of Local Authorities and the Joint Negotiating Committee for Chief Officers of Local Authorities. The outcome of the 2020/21 negotiations is not yet known. The HR Committee will be asked to consider the implications of any national pay settlement when it is known".*

## Consultation

### 3. Internal

Deputy Mayor for Finance, Performance and Governance.

Corporate Leadership Board

Current jobholders and trade unions have been consulted on the proposals and support the recommendations contained within the report.

### 4. External

None.

## Context

### Pay arrangements

5. The current pay and terms and conditions for JNC Chief Officers were introduced on 15th November 2017 and as such are locally-determined and agreed. The arrangements introduced new pay bands which are graded using the Korn Ferry Hay Group Job Evaluation Scheme. In addition, the new pay bands significantly increased the maximum salaries payable.
6. All JNC Chief Officers are on 'spot' salaries within a pay range, which are as follows:

| Post               | Min      | Mid      | Max      |
|--------------------|----------|----------|----------|
| Executive Director | £135,000 | £150,000 | £165,000 |
| Director Level 2   | £94,000  | £107,000 | £120,000 |
| Director Level 1   | £85,000  | £95,000  | £105,000 |

7. All salaries are reviewed annually by the HR Committee, taking into account affordability, inflation and national pay policies.

### Annual pay settlements

8. It is a matter for this committee to determine whether a national pay settlement should be applied locally for the Chief Executive, Executive Directors and Directors. The committee last considered whether a national pay settlement should be applied locally in July 2018. This was a two year settlement equating to 4% (2% from April 2018 and 2% from April 2019). At the time, the senior management restructure had recently been implemented and new pay bands introduced. In addition, a new senior team had been appointed many of whom were new in post. For these reasons, the HR Committee determined that the two year pay settlement would not be applied for the period April 2018 to March 2020.
9. The Joint Negotiating Committee (JNC) for Chief Officers of Local Authorities have agreed a pay award of 2.75% with effect from 1<sup>st</sup> April 2020. Agreement on the same terms has also been reached in relation to the JNC for Chief Executives. This committee will now need to determine whether or not to adopt the national pay settlements to the Chief Executive, Executive Directors and Directors. The JNC include national trade union representatives and employer representatives. Councillors represent the employer side. They are appointed by the Local Government Association.
10. Since the committee last considered the matter in July 2018, there has been a further overall reduction in the number of senior leadership roles from 19 to 17 and the accountabilities for many job holders have increased. Also, the council has had to respond to the impact of COVID-19 and senior leaders have played a critical and pivotal role in leading the response. All other Council staff will be receiving a 2.75% pay increase and to exclude this work group may well have an adverse impact on their morale. As a consequence of all these factors, it is recommended that the pay is increased in accordance with the national pay settlements. Also, all West of England Councils have confirmed they will be applying the settlement to their Chief Officers and Chief Executives. All the English Core Cities have been contacted and the 6 that have responded have confirmed that they will be applying the pay settlement.

11. A draft amended Pay Policy Statement is attached which reflects the recommendations contained within this report.

## **Proposal**

12. It is recommended that the Committee:
  - i) Notes the national pay settlements of 2.75% for Chief Executives and Chief Officers.
  - ii) Approves the uplift to individual pay and pay ranges for the Chief Executive, Executive Directors and Directors in accordance with the JNC pay awards for 2020/2021 with effect from 1 April 2020.
  - iii) Notes the Pay Policy Statement will be updated to reflect the uplift in pay bands and the impact on pay ratios.

## **Other Options Considered**

13. Not apply JNC pay awards to the Chief Executive, Executive Directors and Directors. This has been discounted for the reasons set out in paragraph 10 above.

## **Risk Assessment**

14. There is a risk that if the pay increases are not applied, affected jobholders will argue that they should receive the national pay settlement. Whilst this is a matter for local determination, to defend such a claim successfully, the council will have to demonstrate it has a good and reasonable basis not to apply the pay settlement. The council had a good reason in July 2018 as new pay bands were introduced in November 2017. They significantly increased the scope for pay progression and the vast majority of the senior leadership team were newly appointed. This is not the case now and therefore, in the absence of a reasonable basis for not applying the pay increases, the job holders and/or their trade union representatives will have the right to make further representations to the committee in respect of the reasons for its decision.

## **Public Sector Equality Duties**

- 14a) 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.

14b) The recommendations proposed in this report will not have an adverse or disproportionate impact on any protected group.

## **Legal and Resource Implications**

### **Legal**

It is within the Terms of Reference of the Human Resources Committee to determine whether to apply the JNC pay awards for 2020/21.

Advice provided by Husinara Jones (Solicitor) 2 September 2020

### **Financial**

#### **(a) Revenue**

The recommendations as set out in the report increase the total cost of the senior officer posts as outlined in the report by £70k per annum. This is included within the current assumed budget and MTFP.

Advice provided by Michael Pilcher (Chief Accountant) 2 September 2020

#### **(b) Capital**

Not applicable.

Advice provided by

### **Land**

Not applicable.

### **Personnel**

The HR Implications are set out in the report.

**Appendices:**

- A JNC circular regarding pay award for JNC Chief Executives
- B JNC circular regarding pay award for Chief Officers
- C Amended Pay Policy Statement - 2020/21

**LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985**

**Background Papers:**

None.