

HR Committee

18th February 2021



Report of: Director Workforce & Change

Title: The Council's Pay Policy Statement for the period 1st April 2021 to 31st March 2022

Ward: N/A

Officer Presenting Report: Mark Williams (Head of HR)

Contact Telephone Number: 07795 446270

Recommendation

That the Committee:

1. Recommends to Full Council the Pay Policy Statement 2021/22 to take effect from 1 April 2021.
2. Approves an annual salary of £171,500 for the Chief Executive with effect from 1 April 2021, subject to Full Council approval of the Pay Policy Statement on 16 March 2021.

Summary

The purpose of the report is to consider the Pay Policy Statement for 2021/22. 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:

- The pay policy introduces a new pay range in relation to the Chief Executive following the creation of the post in May 2020 and a new provision that the pay ratio between the lowest and highest earner cannot exceed a ratio of 1:10.
- The proposed pay range for the post of Chief Executive is £171,500 to £182,500 with a proposed salary of £171,500 for the job holder with effect from 1 April 2021. The increase in salary for the job holder is £2,000 per annum.
- The proposals for the pay of the Chief Executive take account of the advice from external pay specialists (Korn Ferry) who have highlighted that the Chief Executive post should have a different pay scale to other posts.
- The average pay of a Core City Chief Executive is currently £192,000 per annum (excluding Bristol).
- Korn Ferry also confirm that the current pay ranges of Executive Directors and Directors are in line with the market rate.
- The pay policy statement has been updated to reflect the introduction of the Exit Cap, which limits exit payments to £95k in the public sector.

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

"The salary for Executive Director and Director roles 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."

3. 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.

Consultation

4. **Internal**
The Deputy Mayor, Finance, Governance and Performance and the Chief Executive have been consulted on these proposals.
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 accordance with the Localism Act 2011 and guidance issued by the Secretary of State.
7. External pay specialists Korn Ferry have reviewed the pay of our Chief Executive, Executive Directors and Directors against the market. Their report and recommendations are included at Appendix A.
8. The proposed pay band for the Chief Executive is below the market rate when compared to Core Cities and other benchmarks. It ensures that the ratio between the lowest and highest earner is no more than 10:1. The proposed salary of the Chief Executive is at a ratio of 9.36:1, which is below the market rate and the Council does need to be mindful of this from a retention and attraction perspective.
9. The jobs of Chief Executive, Executive Directors and Directors are graded using the Hay methodology and the salaries are informed by market data. The information in Appendix A includes comparative information and highlights that the current pay ranges for Executive Directors and Directors continue to be competitive. Therefore, it is proposed that they remain at 2020/21 levels.

10. 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. Government policy on pay in the public sector suggests that the national pay awards of any significance are unlikely in 2021/22 and no budgetary provision has been made for pay settlements for the Chief Executive and Chief Officers. In the unlikely event of a national pay award, this committee will be asked to consider the implications.
11. The number of Directors has now fallen from 13 FTE to 12 FTE following the resignation of the Director: Commercialisation last Summer. The Chief Executive decided not to replace the role and allocated the job accountabilities to others, which generated a saving of £142k per annum.
12. The Pay Policy Statement has also been amended to state that increases in pay during employment for Executive Directors and Directors that are within 10% of the minimum of the pay ranges can be approved by the Chief Executive and Director: Workforce and Change. Now that the Council has a Chief Executive, these arrangements are appropriate. All other increases above this will require Human Resources Committee approval. The Human Resources Committee will also determine any pay changes for the Chief Executive within the proposed pay bands.
13. The Public Sector Exit Cap was introduced in November 2020. This means that the severance costs of an employee leaving the council cannot exceed £95k. The pay policy has been updated to reflect this.

Proposal

14. That the Committee:
 1. Recommends to Full Council the Pay Policy Statement 2021/22 to take effect from 1 April 2021.
 2. Approves an annual salary of £171,500 for the Chief Executive with effect from 1 April 2021, subject to Full Council approval of the Pay Policy Statement on 16 March 2021. That the Committee recommends to Full Council, the Pay Policy Statement for 2021/22 including the annual salary of the Chief Executive with effect from 1 April 2021.

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 retain and attract excellent leaders.

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 as no major change to policy is proposed by this report.

Legal and Resource Implications

Legal

The Pay Policy Statement 2021/22 fulfils the legal requirement placed on the Council by s.38(1) of the Localism Act 2011 to produce an annual pay policy statement.

Husinara Jones, Solicitor/Team Leader, 5 February 2021

Financial

(a) Revenue

This report recommends Full Council approval of the Pay Policy Statement 2021/22.

This Pay Policy Statement includes a new pay range for the salary of the Chief Executive of £171,500 to £182,500 and proposes £171,500 for the job holder from 1 April 2021.

This proposal represents an annual increase of £2,000 which can be managed within the HR division's approved Revenue Budget for 21/22.

The report also implements new guidance that the pay ratio between the lowest and highest earner cannot exceed a ratio of 1:10 and confirms that the recommended salary of the Chief

Executive complies meets this ratio.

Jemma Prince, Finance Business Partner, 10 February 2021

(b) Capital

Not applicable

Land

Not applicable.

Personnel

The Chief Executive's contract will be amended to include the new pay range if the proposals are approved at Full Council.

Mark Williams, Head of HR, 3 February 2021

Appendices:

A – Korn Ferry – summary market report

B – Draft Pay Policy Statement

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

Background Papers: None.