

**Council**

19 April 2018

**Agenda Item 91**

Brighton &amp; Hove City Council

<b>Subject:</b>	<b>Pay Policy Statement 2018/19</b>		
<b>Date of Meeting:</b>	<b>19 April 2018</b> 29 March 2018 – Policy, Resources & Growth Committee		
<b>Report of:</b>	<b>Executive Director Finances &amp; Resources</b>		
<b>Contact Officer:</b>	<b>Name:</b>	<b>Matt Naish</b>	<b>Tel:</b> 201273 95088
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<b>Ward(s) affected:</b>	<b>All</b>		

**FOR GENERAL RELEASE****1. PURPOSE OF REPORT AND POLICY CONTEXT**

- 1.1 The Localism Act 2011 requires local authorities to produce a pay policy statement to be approved by Council annually before the start of the financial year to which it relates. The aim is to increase accountability, transparency and fairness in the setting of local pay. These statements must set out the council's policies on a range of issues relating to the pay of its workforce, particularly its senior and lowest paid staff. The provisions in the Act do not seek to determine what decisions on pay should be taken or what policies should be in place, but require councils to be more open about their policies and how decisions are made
- 1.2 This report seeks approval of the Policy, Resources and Growth Committee to recommend to Council the attached pay policy statement for adoption from 1st April 2018.
- 1.3 The pay policy statement summarises the parameters within which staff are paid. These parameters are in turn governed by a local pay framework set with reference to national terms and conditions, and nationally agreed pay awards.

**2. RECOMMENDATIONS:**

- 2.1 That Policy, Resources & Growth Committee recommends to Council the adoption of the pay policy statement 2018/19 attached at Appendix 1.

**3. CONTEXT/ BACKGROUND INFORMATION**

- 3.1 The Localism Act 2011 requires local authorities to produce annual pay policy statements prior to the year to which they relate. The statement for 2018/19 is attached at Appendix 1. The council may amend its statement by resolution of Council if required during the year to which it relates. Schools' staff fall outside the scope of this legislation. Individual governing bodies are responsible for setting and updating their own Schools' Pay Policy each year.

- 3.2 The guiding principles for the council's pay policy are set out in the attached statement under 'Aims'. The council has adopted national terms and conditions and these provide scope for local determination on grading structures and pay lines as well as the ability to negotiate on working pattern allowances. has the ability to determine its payline and grading structure and payments over and above basic pay.
- 3.3 Chief officers, for the purpose of this legislation, are those who report to the Chief Executive and those who report to posts reporting to the Chief Executive i.e. deputy chief officers.
- 3.4 The statement must provide a definition of lowest-paid employees adopted by the council for the purposes of the statement and it must include the council's policies relating to the remuneration of chief officers, payments to chief officers on leaving and the publication of information on the remuneration of chief officers. The Department for Communities and Local Government guidance, 'Openness and Accountability in Local Pay', states that Members should be offered the opportunity to vote before large salary packages are offered in respect of a new appointment. The Secretary of State's guidance considers the appropriate threshold to be £100,000. In Brighton & Hove, the Council has established an Appointment and Remuneration Panel whose advice must be sought in relation to senior salaries. Therefore, it is considered that there are adequate systems in place to ensure value for money.
- 3.5 Supplementary Guidance published in February 2013 recommends greater scrutiny and accountability for decisions made to offer large severance packages. Again the recommended threshold for Member involvement is set at £100,000 and states that all components of such packages e.g. pay in lieu of salary, redundancy payments, pension entitlements, holiday pay and any other fees or allowances are clearly set out. The attached pay policy statement provides that decisions in relation to permanent recruitment to posts which attract a total remuneration package above the £100,000 threshold will be referred to the Appointments and Remuneration Panel for consideration and recommendation to the Chief Executive. The same provision is made with regard to severance packages above £100,000, with the Chief Executive having authority to agree a severance package above £100,000 where the severance package has been recommended by the Appointments and Remuneration Panel. All other severance packages are considered and agreed by an officer compensation panel comprising the Head of Human Resources, the Monitoring Officer and the s151 Officer (or their delegates). The council's external auditors are also consulted about the value for money of any potential offers to Chief Officers. Compensation packages in excess of £100,000 which relate to the Chief Executive will be referred to Policy, Resources & Growth Committee for approval.

**Note: The Council's arrangements in relation to exit payments will operate subject to any requirements imposed by Regulations made pursuant to the Enterprise Act 2016 and the Small Business, Enterprise and Employment Act 2015 and to associated guidance.**

- 3.6 The Localism Act 2011 does not require specific numerical data on pay and reward to be published as part of a council's pay policy statement. However, the

guidance suggests that consideration be given to how the pay policy statement fits with data on pay and reward that councils are already required to publish on their websites, under the Local Government Transparency Code and by the Accounts and Audit (England) Regulations 2011. The data that is published is published in accessible formats according to the guidance contained in the aforementioned publications.

- 3.7 The council publishes pay data annually in accordance with the Local Government Transparency Code. The majority of this information is published as soon as possible after the start of the financial year, however information required to be published in conjunction with the Accounts and Audit (England) Regulations 2011 is published in June each year in an unaudited format and then the fully audited accounts are published in September each year.
- 3.8 The Localism Act 2011 requires authorities to explain what they think the relationship should be between the remuneration of its chief officers and its employees who are not chief officers. The pay multiple is calculated using the median pay of all employees within the scope of the Pay Policy Statement as a multiple of the Chief Executive's salary. This method is in line with the Hutton report on Fair Pay, which is referred to in the 'Openness and Accountability in Local Pay' guidance. Last year the pay multiple was 5.7:1. This is recalculated after the end of the financial year and published on the council's website as part of our pay data. The pay multiple is calculated using the definition contained in the Local Government Transparency Code i.e. the ratio between the highest paid employee and the median salary of the whole of the authority's workforce (excluding school staff).
- 3.8 The pay multiple is \*\*yet to be calculated this year\*\* this will be calculated prior to PR&G & Full council\*\*.
- 3.9 The Voluntary Living Wage for council employees will increase to £8.75 per hour with effect from 1<sup>st</sup> April 2018: an increase of 3.55%
- 3.10 The pay policy statement provides links to our existing policies on redundancy, retirement and other compensation payments. These policies set out who is responsible for decisions on such payments. It is the council's policy that employees who accept a financial package on voluntary termination of their employment with the council are not re-employed or engaged as a self employed contractor or through an agency for a minimum period of two years.
- 3.11 The pay policy statement excludes all schools based staff including Headteachers.
- 3.12 The pay policy statement, when published on our website, will contain hyperlinks to related information.

### **Proposed Changes in Legislation relating to Exit Payments (not currently in force)**

- 3.13 In November 2015 the Government indicated its intention to introduce a cap on exit payments for employees in the public sector. Although provision for this was

included within the Enterprise Act 2016, regulations limiting exit payments remain in draft and no implementation date has been set.

As previously reported, the Enterprise Act states that:

- Exit payments in the public sector will be capped at a maximum of £95,000 including pension benefits
- The cap will include all payments in relation to all exits from relevant employments that occur within 28 day period
- The cap will cover a wide range of payments
- There will be a limited number of exempt payments (e.g. death or injury)
- There will be power for full council to waive the cap subject to Treasury directions.

3.14 In addition, in March 2016 the Government issued draft regulations to provide for the recovery of exit payments made to employees who leave the public sector and return to the same within a period of 12 months. The regulations have not yet taken effect, however if and/or when they do take effect, the Council will be bound by them. The Government proposes to set the minimum salary at which the recovery provisions apply at £80,000 per annum.

3.15 If the proposals outlined in paragraphs 3.13 and 3.14 (or a version of them) are implemented, then relevant council employment policies will be reviewed once the full details and implications are known.

#### **4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS**

4.1 Section 39(1) of the Localism Act 2011 requires the Council to approve its Pay Policy Statement, while section 39(5) requires that it publish its Pay Policy Statement as soon as reasonably practicable after approval. This report and the Pay Policy Statement are considered to achieve the appropriate levels of transparency and to comply with relevant guidance.

#### **5. COMMUNITY ENGAGEMENT & CONSULTATION**

5.1 The purpose of this pay policy statement is to provide transparency regarding how local decisions on pay are made.

#### **6. CONCLUSION**

6.1 It is a requirement of the Localism Act 2011 that Members are consulted prior to the publication of the Pay Policy Statement. It is therefore recommended that Policy and Resources Committee approve this report and make the recommendation to full council to approve the Pay Policy Statement 2018/19.

#### **7. FINANCIAL & OTHER IMPLICATIONS:**

##### Financial Implications:

7.1 The annual pay policy statement supports good governance and allows benchmarking comparisons with other local authorities to assess Value for

Money. The pay assumptions within the budget for 2018/19 are consistent with this policy including provision for the Living Wage to increase to £8.75 per hour from 1<sup>st</sup> April 2018.

*Finance Officer Consulted: James Hengeveld*

*Date: 04/02/16*

Legal Implications:

- 7.2 The proposed Pay Policy Statement complies with the requirements of s38 of the Localism Act 2011 and has taken into account associated guidance. The proposed arrangements are considered to satisfy the expectations articulated in the guidance regarding member oversight of relevant exit payments. The Statement is also consistent with existing Data Protection and Employment legislation. The Repayment of Public Sector Exit Payments Regulations 2016, made under the Enterprise Act 2016, remain in draft and it is not yet clear when or if they will become law. If implemented, these Regulations will require certain public sector workers to repay some or all of any 'qualifying exit payments' in certain circumstances. The Public Sector Exit Payments Regulations 2016, also still in draft, propose to set a cap of £95,000 to apply to the majority of public sector exit payments. The Council's employment policies and procedures will require review should the law change in the terms described above, this to ensure that they reflect the requirements of the new regulations and any associated guidance.
- 7.3 It is a requirement of the Localism Act that the Pay Policy Statement be approved by Full Council.

*Lawyer Consulted: Victoria Simpson*

*Date: 31/01/18*

Equalities Implications:

- 7.4 The publication of a pay policy statement increases transparency over pay and promotes fairness.

Sustainability Implications:

- 7.5 None

Any Other Significant Implications:

- 7.6 The pay policy statement provides local taxpayers with information on how the council makes local decisions on pay and thus provides greater openness and transparency to assist the public to assess value for money

## **SUPPORTING DOCUMENTATION**

### **Appendices:**

1. Appendix 1 Pay Policy Statement 2018/19

### **Documents in Members' Rooms**

None

### **Background Documents**

1. The Localism Act 2011
2. Openness and accountability in local pay: Guidance under section 40 of the Localism Act – published February 2012
3. Openness and accountability in local pay: Guidance under section 40 of the Localism Act Supplementary Guidance –published February 2013
4. Code of Recommended Practice for Local Authorities on Data Transparency
5. Hutton Review of Fair Pay in the Public Sector 2011

## Brighton & Hove City Council Pay Policy Statement 2018/19

### 1 Aim

Brighton & Hove City Council wants to ensure that the City and its residents receive high quality services and excellent value for money. In the context of the significant budget challenges that the council faces, pay levels need to be set at a level that will enable the council to attract and retain high calibre individuals without being overly generous or imprudent with public funds.

To achieve this, the council requires a workforce at all levels that is conscientious, professional and reliable and which has the relevant up-to-date skills and knowledge to deliver high quality services to the residents of and visitors to Brighton and Hove.

The council depends on a high calibre senior management team able to provide leadership and to work in close partnership with other private, public and voluntary agencies across the City. The senior team need to work with partners to assess and understand the level of need across the City and to commission and deliver services. At the same time they need to be able to lead change programmes and reduce costs to deliver better outcomes for customers. An innovative, skilled and experienced workforce is vital to the delivery of our vision and this is at the heart of our pay policy. This principle applies from the lowest to highest paid employee.

Whilst recognising the market rates for pay, and seeking to attract the best talent the council seeks to ensure that pay policies are based on fairness and equality and allow the workforce to live healthy and happy lives. The council has introduced the voluntary 'Living Wage' and is working to reduce the pay gap between the highest and the lowest paid. The pay multiple between the Chief Executive and the median earnings of the rest of the workforce will be published annually on the council's website.

### 2 Scope

This document complies with our statutory responsibility to produce a pay policy statement annually pursuant to s38(1) of the Localism Act 2011. This policy statement requires approval by full council. The council wishes to ensure that local taxpayers are able to take an informed view on all aspects of the council's remuneration arrangements and the pay policy statement will be published on the council's website.

The statement applies to all employees of the council and 'casual workers', except for those staff based in schools and apprentices throughout the council.

**The Council's arrangements in relation to exit payments will operate subject to any requirements imposed by Regulations made pursuant to the Enterprise Act 2016 and the Small Business, Enterprise and Employment Act 2015 and to associated guidance.**

### **3 Definitions**

For the purposes of the pay policy statement the following definitions will apply:

- Brighton & Hove City Council defines its lowest paid employees as those who are paid on the lowest spinal column point of our [grading structure](#). This is the voluntary 'Living Wage' and is applied to casual workers as well as employees. A full time post is based on a 37 hour week.
- Chief Officers are defined as those who report directly to the Chief Executive. In Brighton & Hove these are currently the members of the Executive Leadership Team. Those who report to the Executive Leadership Team, for the purpose of this policy statement, are also defined as Chief Officers.

### **Senior Structure**

For the purposes of this pay policy statement the Executive Leadership Team comprises the following posts; Chief Executive, Executive Director Families, Children and Learning (incorporating Director of Children's Services (DCS) role), Executive Director Health and Adult Social Care (incorporating Director of Adult Social Services (DASS) role), Executive Director of Economy, Environment and Culture, Executive Director Finance and Resources, Executive Lead Officer, Strategy, Governance and Law, Executive Director of Neighbourhoods, Communities and Housing.

The Corporate Management Team comprises members of the Executive Leadership Team and Heads of each Service ([Link to structure chart](#)).

### **National Pay and Conditions**

There are a number of national agreements produced through collective bargaining arrangements for different groups of local government staff. The main negotiating bodies relevant to our workforce and their scope are listed below. Brighton & Hove City Council operates these national conditions as amended by local agreements.

The National Joint Council (NJC) for Local Government Services negotiates collective agreements on pay and conditions for local authority employees who are not covered by other specialist negotiating bodies (e.g. teachers).

The Joint Negotiating Committee for Chief Officers of Local Authorities (JNC) covers the pay and conditions for Chief Officers.

The Soulbury Committee negotiates the pay and conditions for advisory staff in local education authorities (LEAs), such as: educational improvement professionals (previously advisers and inspectors) and educational psychologists.

The Joint Negotiating Committee for Youth and Community Workers covers the pay and conditions of youth and community workers.

## **4 Governance**

The Policy, Resources & Growth Committee is responsible for setting policy on pay and conditions of employment within Brighton & Hove City Council. The council has adopted the National Joint Council terms and conditions for local authority staff as amended locally. Chief Officers, including the Chief Executive, are mainly employed on nationally negotiated JNC terms and conditions but their pay is determined locally. A minority of Chief Officers are employed on NJC terms and conditions, but similarly their pay is determined locally.

The relevant sub-committee, committee or the Chief Executive approves the appointment of staff in accordance with the Officer Employment Procedure Rules. The Council has adequate systems in place through the Appointment and Remuneration Panel to ensure value for money.

The Appointments and Remuneration Panel may also be consulted for its views in connection with the statement of pay policy. ([Link to Constitution](#)). The policy in respect of the remuneration of interims and consultants is set out under paragraph 19 below.

## **5 Grading Structure**

The council uses a recognised, analytical job evaluation scheme to ensure that there is an objective process for determining the relative size of jobs and thus allocating jobs to the appropriate grade. This is used for all posts, apart from those of the Chief Executive and Executive Directors and staff employed on Soulbury and Youth Worker conditions of service. Our current pay and grading structure was implemented during 2010.

## **6 Progression**

All posts, apart from that of the Chief Executive and the Executive Directors are employed on grades containing spinal column points. Employees progress through their grade each year, rising by one incremental point, until reaching the maximum point of the grade. Pay awards for NJC and JNC staff are negotiated nationally. ([NJC and JNC grades](#)) Where a member of staff is the subject of formal disciplinary and capability processes, increments may be withheld.

Employees may be accelerated up the pay grade by a maximum of two spinal column points to recognise exceptional performance. Link to [Additional Payments Policy](#).

## **7 Remuneration on Appointment**

Staff are usually appointed on the minimum spinal column point of the grade. However, where there are difficulties recruiting to a post or where an individual can demonstrate significant valuable previous experience, appointment may be agreed at a higher spinal column point within the grade.

The Chief Executive is required to consult the Council's Appointments and Remuneration Panel on the appropriate starting salary for any new permanent Executive Director appointments or any other proposal to offer a permanent appointment with a salary package of £100,000 or more.

## **8 Chief Executive**

The Chief Executive's salary is set to ensure that it is competitive when compared to roles of similar size and complexity elsewhere and with regard to the challenges, additional hours and working arrangements required to achieve the requirements of the role. The salary is on a single fixed salary point. Nationally negotiated cost of living awards are applied.

The Chief Executive is entitled to receive a fee as set by the Ministry of Justice for acting as the local returning officer for elections. ([Link to actual earnings and earnings forecast for 2018/19](#))

Full Council is required to approve the appointment of the Chief Executive following the recommendation of such an appointment by the Appointment and Remuneration Panel.

## **9 Executive Directors**

The pay and grading of Executive Directors is determined by the requirements of the role and by reference to the labour market for roles of a similar size and complexity. They are on a single fixed salary point. Nationally negotiated cost of living awards are applied ([Link to actual earnings and earnings forecast for 2018/19](#)).

## **10 Corporate Management Team (excluding Executive Directors)**

The pay structure for posts at this level ensures the council is able to attract and retain staff with the suitable skills and experience to deliver the council's many services. Nationally negotiated cost of living awards are applied.

## **11 Additional Payments**

In order to ensure sufficient flexibility to reward staff who are undertaking additional responsibilities the Council's policy on [Additional Payments](#) provides for Acting Up Allowances or a one-off Honorarium Payment to be made in specific circumstances.

## **12 Market Supplements**

The Council may pay a market supplement, in accordance with the council's market supplement policy, where there are proven shortages of individuals with particular skills and experience.

## **13 Travel and Expenses**

Where authorised to do so, employees are entitled to be reimbursed for mileage they incur whilst discharging their official duties. The rate of [reimbursement](#) will depend on the engine size of a car, other rates are applicable where motorbikes and bicycles are used for this purpose. Employees who have to use public transport to travel for their role are entitled to reclaim the costs of the transport under the council's expenses policies.

## 14 Working Pattern Allowances

The council introduced a new allowance scheme for those employed on NJC terms and conditions on the 01 October 2013, these allowances reward employees who work outside the council's standard working week, which is Monday to Friday between 6am to 8pm each day. Working outside of these standard times will attract an enhancement to the hourly rate. Details can be found in the Employee Rights & Responsibilities document.

## 15 Annual Leave

Annual leave entitlements vary according to the terms and conditions of employment. [Annual leave entitlements](#) are published on the Council's website.

## 16 Pension Scheme

Membership of the Local Government Pension Scheme is subject to the rules of the scheme and contribution rates are set by legislation ([Link to Rates on ESCC website](#)). Where individuals are already in receipt of a local government pension they are subject to the rules on abatement of pension within the scheme.

## 17 Redundancy, Retirement and other Compensation Payments

The council's approach to dismissals on the grounds of redundancy or efficiency of the service and in the case of early retirement can be found in the following policies on our website: [Redundancy, Retirement and other Compensation Payments policy statement](#) and [Retirement at Brighton & Hove](#).

In exceptional circumstances the council will agree to settle a claim or potential dispute upon the termination of employment by way of a compensation payment. This is agreed by an officer panel comprised of the Head of Human Resources, the Monitoring Officer and the Executive Director Finance and Resources (or their delegates). In the case of Chief Officers or in any cases where the proposed total payment is £100,000 or more, the Chief Executive may approve the severance package where the package has been recommended by the Appointments and Remuneration Panel. The Council's External Auditor is also consulted about any potential offers to Chief Officers. Compensation packages in excess of £100,000 which relate to the Chief Executive will be referred to Policy, Resources & Growth Committee.

**Note: This Statement of Pay Policy will operate subject to any requirements regarding exit payments pursuant to the Enterprise Bill and the Small Business, Enterprise and Employment Act 2015 and associated Regulations.**

## 18 Pay Protection

In cases where an employee is redeployed into a lower graded role due to their original role being made redundant, the annual protection payment will be the difference between the employee's normal contractual pay in the former post and the normal

contractual pay of the new post in year 1; and in year 2 it will be 75% of this value. After which the employee will be paid the rate for the role they've been redeployed into.

An employee will have the amount of their protection re-calculated should their pay details change at any point during the protection period so that their amount of pay does not exceed the pay they received in the role they were made redundant from.

## **19 Job Evaluation**

The council grades all NJC and JNC roles using a job evaluation scheme to ensure roles of equal value are paid equitably. The council's allowance scheme sets out circumstances where individuals are entitled to payments beyond their basic grade.

## **20 Remuneration of Staff – Contract for Services**

Individuals employed on a contract for services will be paid at a rate consistent with the pay of directly employed staff performing a comparable role and will consider where relevant, a premium to take into account any relevant market factors. It is the council's policy to minimise the use of consultants wherever possible and the approval of the Chief Executive is required prior to any commitment to expenditure on consultants in excess of £10,000.

## **21 Remuneration of Staff – Publication of Information**

The council publishes details of [staff earnings](#) in accordance with legal requirements on transparency. Further information is contained in the [Annual Report and Accounts](#) in accordance with the Audit of Accounts legislation.