

21 March 2019

Brighton & Hove City Council

Subject:	Pay Policy Statement 2019/20		
Date of Meeting:	21 March 2019 – Policy, Resources & Growth Committee 28 March 2019- Council		
Report of:	Executive Director, Finances & Resources		
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Ward(s) affected:	All		

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.

1.2 The statement:

- sets out the council's policies on a range of issues relating to the pay of its workforce, particularly its senior and lowest paid staff;
- summarises the parameters within which staff are paid;
- describes the parameters being governed by a local pay framework set with reference to national terms and conditions, and nationally agreed pay awards.

1.3 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 they do require councils to be open about their policies and how decisions are made.

1.4 This report seeks approval of the Policy, Resources & Growth Committee to recommend to Council the attached pay policy statement for adoption from 1st April 2019.

2. RECOMMENDATIONS:

2.1 That Policy, Resources & Growth Committee recommends to Council the adoption of the pay policy statement for 2019/20 as attached at Appendix 1.

3. CONTEXT/ BACKGROUND INFORMATION

The Pay Policy Statement

- 3.1 The Localism Act 2011 requires local authorities to produce an annual pay policy statement prior to the year to which they relate. The statement for 2019/20 is attached at Appendix 1. The council may amend its statement by resolution of Council if required during the year.
- 3.2 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.
- 3.3 The guiding principles for the council's pay policy are set out in the 'Aim' section of the statement. 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. The Council has the ability to determine its pay line 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 (aside from support roles).
- 3.4 The statement must provide a definition of lowest-paid employees adopted by the council for the purposes of the statement and 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 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.
- 3.5 *Openness and Accountability in Local Pay' 2013* (government guidance) states that Members should be offered the opportunity to vote before large salary packages are offered in respect of a new appointment, setting the appropriate threshold at £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.
- 3.6 Supplementary Guidance published in February 2013 recommends greater scrutiny and accountability for decisions made to offer large severance packages (other than amounts that may be payable by virtue of any enactment e.g. redundancy retirements where payment is in line with legal requirements and

normal council policy). The recommended threshold for Member involvement is set at £100,000 and states that all components of such packages are clearly set out.

- 3.7 The 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.
- 3.8 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 published is in an accessible format according to the guidance contained in the aforementioned publications.
- 3.9 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 in line 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.
- 3.10 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. For financial year 2017/18 the pay multiple was **5.7:1**, this has reduced steadily from a figure of 7.65 in 2012/13. 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 (usually the Chief Executive, as is the case with Brighton & Hove) and the median salary across the workforce (excluding school staff).

- 3.10 The pay multiple for 2018/19 is **yet to be calculated this year** this will be calculated prior to PR&G & Full council**.
- 3.11 The pay policy statement, when published on our website, will contain hyperlinks to related information.

Potential Changes in 2019/20

- 3.12 In November 2015 the Government indicated its intention to introduce a cap of £95,000 on exit payments for employees in the public sector, with limited exemptions. Although provision for this was included within the Enterprise Act 2016, regulations limiting exit payments remain in draft. The Government indicated an intention to consult further in February 2018, however no further information has been made available and no implementation date set.
- 3.13 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. While again there is no information on when relevant changes will 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.
- 3.14 If the proposals outlined in paragraphs 3.12 and 3.13 (or a version of them) are implemented, then relevant council employment policies will be reviewed once the full details and implications are known.
- 3.15 The Voluntary Living Wage for council employees will increase to £9.00 per hour with effect from 1st April 2019: an increase of 2.9%.
- 3.16 The pay policy does not cover the Gender Pay Gap report, published on 7 March 2019, driven by The Equality Act 2010 (Specific Duties and Public Authorities) Regulations 2017 this shows that on average female employees earn 7.3% more than male employees, and that using the median as a measure female employees earn 6.7% more than male employees.

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. There will be no separate consultation, however trade unions have been made aware of the contents.

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 recommend that full council formally approve the Pay Policy Statement 2019/20.

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 2019/20 are consistent with this policy including provision for the Living Wage to increase to £9.00 per hour from 1st April 2019.

Finance Officer Consulted: James Hengeveld

Date: 11/02/19

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, referred to in paragraphs 3.13 to 3.15 above remain in draft and it is not yet clear when or if they will become law. If implemented in their current form, then these Regulations would 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 would 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 section 39(1) of the Localism Act 2011 that the Pay Policy Statement be approved by Full Council.

Lawyer Consulted: Victoria Simpson

Date: 18/12/18

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 2019/20
2. Appendix 2: Comparator councils Pay Multiple

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. [Local Government Transparency Code 2015](#)
5. [Hutton Review of Fair Pay in the Public Sector 2011](#)

Brighton & Hove City Council Pay Policy Statement 2019/20

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. Under the terms of the revised national pay spine, (which comes into effect in April 2019) the voluntary 'Living Wage' will equate to the bottom Spinal Column point of the new national pay spine.
- 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, except where the context provides otherwise.

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 Extended Executive Leadership Team comprises members of the Executive Leadership Team and Assistant Directors ([Link to structure chart](#)). [The Leadership Network for the council comprises the Chief Executive, Executive Directors, Assistant Directors and those that report to them.](#)

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 as defined in the council's [constitution](#). The policy in respect of the remuneration of interims and consultants is set out under paragraph 20 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 are employed on grades containing spinal column points. All employees (other than the Chief Executive) progress through their grade each year (subject to satisfactory performance), 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 Leadership Team 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 Leadership Team

The pay and grading of the Executive Leadership Team is determined by the requirements of the role and by reference to the labour market for roles of a similar size and complexity. Executive Directors (and the Executive Lead Officer Strategy Governance and Law) progress to the next point of their grade scale subject to satisfactory performance in the role as determined by the Chief Executive Officer. Once at the top of the scale they are entitled to receive the JNC nationally negotiated cost of living awards ([Link to actual earnings and earnings forecast for 2018/19](#)).

10 Assistant 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 its current 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](#).

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, details of this policy can be found in the [Re-Employment of Employees policy](#)

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. In this situation, an officer panel comprised of the Head of Human Resources, the Monitoring Officer and the Executive Director Finance and Resources (or their delegates) will review a business case prepared by the relevant Chief Officer. While the officer panel will scrutinise the business case and may endorse it, make recommendations regarding it or advise against it, the final decision will remain with the relevant Chief Officer.

In the case of Chief Officers, other than those who report to the Executive Leadership Team, and in any case 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 imposed pursuant to the Enterprise Act 2016 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.

22 Gender Pay Gap Report

The Equality Act 2010 (Specific Duties and Public Authorities) Regulations 2017 require all local authorities with more than 250 employees to publish gender pay gap data based on a 'snapshot' date of 31 March of the previous year to the year in which the data is published.

The gender pay gap is defined as the average pay gap between male and female staff in hourly pay. The council is required to publish the mean and median differences between male and female employees and the proportions of each gender in each pay quartile.

Further requirements stipulate the need to publish information related to bonuses received by each gender, however the council does not pay bonuses, and as such the council does not report under these headings.

For further information please see the most recent [Gender Pay Gap Report](#).

Appendix 2

Comparator Councils' Pay Multiples

Council	Pay Multiple	Year*
Brighton & Hove City Council	5.7:1	2018/19
Leicester City Council	5.74:1	2017/18
Medway Council	5.95:1	2018/19
Milton Keynes Council	6.2:1	2018/19
Reading Council	6.3:1	2018/19
Southampton Council	6.36:1	2018/19
Portsmouth Council	6.4:1	2016/17
Derby Council	6.5:1	2018/19
Plymouth Council	6.54:1	2017/18
Central Bedfordshire Council	7.0:1	2018/19
East Sussex County Council	7.14:1	2018/19
West Sussex County Council	7.94:1	2018/19
Luton Council	8.1:1	2017/18
Doncaster Council	8.24:1	2019/20

* Please note this is the latest year to which data is available

