

Brighton & Hove City Council

Strategy Finance & City Regeneration Committee & Full Council

Agenda Item 119

Subject: Pay Policy Statement 2024/25

Date of meeting: 14th March 2024: Strategy Finance & City Regeneration Committee
28th March 2024: Full Council

Report of: Executive Director - Governance, People & Resources

Contact Officer: Name: Laura Rush
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Ward(s) affected: All

For general release

Note: The special circumstances for non-compliance with Council Procedure Rule 7, Access to Information Rule 5 and Section 100B (4) of the Local Government Act as amended (items not considered unless the agenda is open to inspection at least five days in advance of the meeting) were that there was wording that needed to be finalised in the report as a result of the organisation design changes, and also the change of job titles for Chief Officers at Director level to Corporate Directors. This was published on 7th March 24 to the wider organisation, and therefore the final wording could only be inserted in the report after this date.

1. Purpose of the 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 pay policy 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 asks the Strategy, Finance & Regeneration Committee to recommend to Council the attached pay policy statement for adoption from 1 April 2024.

2. Recommendations

Strategy Finance & City Regeneration Committee:

- 2.1 That Committee recommends to full Council the adoption of the pay policy statement for 2024/25 attached at Appendix 1.

Full Council:

- 2.2 That full Council formally approves the recommendation of Strategy Finance & City Regeneration Committee that it adopt the pay policy statement for 2024/25 attached at Appendix 1.

3. Context and background information

The Pay Policy Statement

- 3.1 The Localism Act 2011 requires local authorities to produce and formally approve an annual pay policy statement prior to the year to which it relates. The statement for 2024/25 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, as well as the ability to negotiate on working pattern allowances. Local authorities have the ability to determine their grading structures and payments over and above basic pay.
- 3.4 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).
- 3.5 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.

- 3.6 The council's 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 & Remuneration Panel for consideration and recommendation to the Chief Executive. In this way, it is ensured that adequate systems are in place to ensure value for money. The same provision is made regarding 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 & Remuneration Panel. In accordance with Statutory Guidance, this figure does not include 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.
- 3.7 All other severance packages are scrutinised by an officer Compensation Panel comprising the Director of Human Resources & Organisational Development, the Monitoring Officer and the s151 Officer (or their nominated deputies). The Compensation Panel makes recommendations to the relevant Executive Director responsible for the severance package. 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 full Council for approval.
- 3.8 Following the revocation in March 2021 of the Restriction of Public Sector Exit Payment Regulations 2020, the Government issued statutory guidance in May 2022 pursuant to the Local Government Act 1999, which sets out the Council's 'best value' duty in legislation. That guidance sets the criteria for the Council to consider when determining whether to make a 'Special Severance Payment' ('SSP'). SSPs are payments outside of statutory, contractual or other requirements and are discretionary. The Government's view is that SSPs should only be considered in exceptional circumstances. The Compensation Panel pays due regard to this guidance when considering relevant cases.
- 3.9 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 statutory guidance made under section 40 of the 2011 Act 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 Regulations 2015](#). The data published is in an accessible format according to the guidance contained in the aforementioned publications.
- 3.10 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 Regulations 2015 is published in May each year in an unaudited format, and then the fully audited accounts are published in July each year.

- 3.11 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 the financial year 2022/23, the pay multiple was 5.0 to 1. This is a 0.3 decrease from 2021/22. 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). In addition, in 2021, revised guidance on the publication of fair pay disclosures was issued, requiring the publication of additional data; the top to median, lower quartile and upper quartile staff pay multiples (ratios).
- 3.12 The fair pay disclosures (pay multiples) will be published on the Council's website and monitored annually. The pay multiples for 2024/25 are yet to be calculated as the data used includes March 2024 pay data. This will take into account the national pay awards for 2023/24, most of which were agreed late in the year and only implemented recently.
- 3.13 The pay policy statement, when published on our website, will contain hyperlinks to related information. This will include reference to the separate pay policy for directly employed teachers at the council.
- 3.14 The Real Living Wage will increase from £10.90 to £12.00 per hour with effect from 1st April 2024: an increase of 10.10%. However, please be advised that the council's lowest pay point has now exceeded this level of pay, with the lowest pay point as at April 2023 being £12.59, this is 15.5% higher than the Real Living Wage rate at the time and will likely increase further when the 2024 national NJC pay award is agreed.

Gender Pay Gap reporting for period to March 2023.

- 3.15 Driven by The Equality Act 2010 (Specific Duties and Public Authorities) Regulations 2017, the council reporting for the period to March 2023 showed that, on average, female employees earned 6.5% more than male employees, and that using the median as a measure, female employees earned 3.0% more than male employees.

Changes to Senior Management Structure and Council Governance Arrangements

- 3.16 A report proposing changes to the structure of the Council's senior management team and seeking authority to make the necessary consequent changes to the delegations to officers which form part of the Council's Constitution if those senior management team changes are approved is due to be considered at this Committee meeting. These changes are reflected in the Pay Policy Statement 2024/2-25 attached to this report and recommended for approval.
- 3.17 Separately a further report proposing to amend the Council's Constitution and move to a Cabinet model of governance is also to be discussed at the same Committee meeting as this report. Consequently the proposed new governance arrangements are also reflected in the Pay Policy Statement 2024/2025 that is recommended for approval.

4. Analysis and consideration of 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 and 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 Strategy, Finance & City Regeneration Committee approve this report and recommend that full Council formally approve the Pay Policy Statement 2024/25.

7. Financial implications

- 7.1 The annual pay policy statement supports good governance and also allows benchmarking comparisons with other local authorities to assess Value for Money and to demonstrate that consideration of the policy has been given in respect of the council's Best Value duty.

Finance officer consulted: Nigel Manvell Date: 9/2/24

8. Legal implications

- 8.1 This Pay Policy Statement complies with the requirements of s38 of the Localism Act 2011 and with relevant statutory guidance.

- 8.2 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: 05/02/2024

9. Equalities implications

- 9.1 The publication of a pay policy statement increases transparency in relation to pay and promotes fairness.

10. Sustainability implications

- 10.1 None

11. Social Value and procurement implications

- 11.1 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

1. **Appendix 1: Pay Policy Statement 2024/25**