

Report of the Chief Officer (HR)

Report to General Purposes Committee

Date: 28th January 2020

Subject: Approval of the 2020/21 Pay Policy Statement

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	☐ Yes	☒ No
Are there implications for equality and diversity and cohesion and integration?	☒ Yes	☐ No
Is the decision eligible for Call-In?	☐ Yes	☒ No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	☐ Yes	☒ No

Summary of main issues

1. This paper sets out the Pay Policy Statement for 2020/21. This is required under the Localism Act 2011 and must be annually approved by the Full Council before 31 March 2020.

Recommendations

2. The General Purposes Committee are asked to recommended to Full Council:-
 - 2.1. Consideration and approval of the Pay Policy Statement for the 2020/21 financial year as attached in appendix A.
 - 2.2. That any in year requirement to amend the Annual Pay Policy Statement as a consequence of changes to Council Policies is reported to the General Purposes Committee to consider recommending to Full Council for approval.
 - 2.3. Delegation to the Chief Officer (HR) of any necessary adjustments to the Council's pay scales arising from nationally agreed pay awards.

1. Purpose of this report

- 1.1. The purpose of this report is to seek Members' views on the Pay Policy Statement- 2020/21 and for the Committee to make recommendations to Full Council to approve the changes before the start of the 2020/21 financial Year.

2. Background information

- 2.1. Local Authorities are required under section 38 of the Localism Act 2011 to prepare an Annual Pay Policy Statement. The statement must articulate the Council's policy towards the pay of its most senior staff and relationships with the pay of the rest of the workforce. The provisions of the Act do not apply to the employees of Local Authority schools.
- 2.2. Each Local Authority is an individual employer in its own right and has the autonomy to make decisions on pay that are appropriate to local circumstances and which deliver value for money for local taxpayers. The provisions of the Localism Act do not seek to change this or to determine what decisions on pay should be taken. However they require individual employing authorities to be clear about their own policies in relation to pay.

3. Main issues

- 3.1 With effect from 1st April 2020 the Council will further increase its minimum pay rate to £9.30 equivalent to an annual salary of £17,942 which mirrors the living wage foundation minimum. The national minimum rate of pay for apprentices aged 19 and below or in the first year of their apprenticeship is £3.90. All new starters in Leeds City Council including apprentices will receive £9.30.
- 3.2 The pay multiple is the relationship between the median salary and the highest paid actual salary in the organisation, in Leeds as at December 2019 the ratio between the Chief Executive's voluntary reduced salary and median pay is 7.87:1
- 3.3 The median pay multiple in other regional authorities and core cities for 2019/20 (where available) and compared to the previous year's median pay multiple can be seen in the table at Appendix B shows a comparison with other regional authorities.
- 3.4 There has been an increase in employees at a senior level declaring their protected equality characteristics. The percentage of staff declaring their protected equality characteristics has increased from 63% to 67%.
- 3.5 This year has seen a further significant reduction in our gender pay gap. The Women's mean hourly rate for 2019 is 5.9% lower than men's against the 2018 figure of 6.3% an improvement of 0.4%.

4. Corporate Considerations

4.1. Consultation and Engagement

- 4.1.1 Other Councils in the region and nationally will be publishing policies from January 2020 onwards.

4.2. Inclusion and Diversity / Cohesion and Integration

- 4.2.1 Analysis carried out on declaration of protected equality characteristics is included at 3.4.

4.3. Council policies and City Priorities

4.3.1. The Pay Policy Statement is required by law and must be approved annually by Full Council prior to 31st March 2020.

4.4. Resources and value for money

4.4.1. The Pay Policy Statement is a point of reference for the Council in assessing its senior management costs and its budget strategy.

4.5. Legal Implications, Access to Information and Call In

4.5.1. It is proposed to report the Policy to the Full Council meeting on 25th March 2020, which is therefore compliant with the statutory requirement.

4.6 Risk Management

4.6.1 It is noted that in Reviewing the Policy all requirements regarding pay issues have been complied with in 2019/20. Members are asked to note this compliance.

5 Conclusions

All Councils are legally obliged to prepare and publish on an annual basis, a Pay Policy Statement. The proposed policy is intended to meet this requirement.

6 Recommendations

6.1 The General Purposes Committee are asked to recommend to Full Council:-

6.2 Consideration and approval of the Pay Policy Statement for the 2020/21 financial year as attached in Appendix A.

6.3 That any in year requirement to amend the Annual Pay Policy Statement as a consequence of changes to Council Policies is reported to the General Purposes Committee to consider recommending to Full Council for approval.

6.4 Delegation to the Chief Officer (HR) of any necessary adjustments to the Council's pay scales arising from nationally agreed pay awards.

Appendix A - Pay Policy Statement 2020/21

Appendix B – Comparison of Other Local Authorities

Comparison - Median Pay Multiples for median salary and the highest paid declared in 2019/20 Pay Policy Statements

Local Authority	2019/20 median pay multiplier
Leeds	7.87:1
Bradford	8.9:1
Calderdale	6.17:1
Kirklees	Not published
Wakefield	7.50:1
Birmingham	9.16:1
Bristol	9.77:1
Cardiff	7:1
Liverpool	Not published
Manchester	8.17:1
Nottingham	8:1
Sheffield	Not published



Annual Pay Policy Statement

Financial Year 2020/21

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Section 1 - Introduction

Sections 38 – 40 of the Localism Act 2011 require that the Authority produce a policy statement for each financial year that covers a number of matters concerning the pay of the Authority's staff, namely relating to the remuneration of Chief Officers; the remuneration of its lowest-paid employees, and the relationship between the remuneration of its chief officers and the remuneration of its employees who are not chief officers

This policy is reviewed annually and is to be considered and approved by full Council at its meeting on 26th February 2020. It will be effective from that date. It will be subject to review annually and in accordance with new legislation to ensure it remains relevant.

This pay policy is in addition to the data on pay and rewards for staff which the Authority already publishes under the Code of Recommended Practice for Local Authorities on Data Transparency

This policy must be complied with for all decisions relating to the remuneration of, or other terms and conditions applying to, those senior officers listed in Section 2.

Section 2 - Policy Statement

Definition of senior officers covered by the Pay Policy Statement

This Pay Policy Statement covers a number of senior officers.

1. Head of the Paid Service, which in this Authority is the post of Chief Executive
2. Five Directors covering:
 - Resources & Housing
 - City Development
 - Children & Families
 - Communities & Environment
 - Adults & Health
3. City Solicitor, who is the Monitoring Officer,
4. The Chief Officer Finance (appointed under section 151 of the Local Government Act 1972)
5. Those required to report directly to, or are directly accountable to, one or more of those roles described in 1-2 above.
6. This policy statement does not cover or include staff employed by schools and is not required to do so.

Policy on remunerating senior officers

It is the policy of this Authority to establish a remuneration package for each senior officer post that is sufficient to attract and retain those with the appropriate skills, knowledge, experience, abilities and qualities that is consistent with the Authority's requirements of the post in question.

Salaries and Appointment

The Authority may seek independent advice as a means of informing decisions on determining the pay scale for senior officer posts.

The salary packages are in accordance with the Joint National Council (JNC) terms and Conditions for Chief Executives and for JNC Chief Officers

Appointments will be made to the appropriate approved minimum point of the grade for the post in question unless there is evidence that a preferred candidate cannot be appointed without varying the remuneration package. In such circumstances incremental advancement within the grade range is permissible.

Honoraria¹ may be payable in circumstances where additional duties and responsibilities are undertaken which are over and above those which could be reasonably accommodated within existing terms and conditions of employment.

Market supplement and or retention payments may be paid only where it has been established that there is a significant risk of not being able to retain/replace staff with specific knowledge and skills essential to the delivery of a particular service, project or corporate priority.

¹ Including payments made for joint Authority duties

Terms and Conditions

The Chief Executive is employed on terms and conditions set out under the Joint Negotiating Committee for Chief Executives. All other senior officers are employed on terms and conditions set out under the Joint Negotiating Committee for Chief Officers of Local Authorities. Under these arrangements national pay awards are negotiated annually. Equivalent arrangements are also in place for staff covered by NHS terms & conditions following the transfer of Public Health in 2013.

Some aspects of remuneration are applicable to all staff (including senior officers covered by this policy). For completeness these are outlined below:

- Membership of the Local Government Pension Scheme; with employee contributions ranging from 5.5% (on salaries up to £14,400) to 12.5% (on salaries over £161,501).
- Car mileage expenses are based on a Leeds City Council local collective agreement with Trade Unions with HMRC rates used for casual car users. Other travel and subsistence rates are based on National Joint Council for Local Government Employee rates.
- Following appointment, incremental progression is made 1st April subject to having completed 6 months employment by that date. Where 6 months employment is completed after 1st April, then the first increment is paid on reaching 6 months employment. Subsequent annual incremental progression is on each 1st April thereafter.

The Director of Public Health (DPH) and Public Health Consultants who transferred to the local Authority on 1st April 2013 receive protection of general NHS Terms and Conditions that were in place at that point in time, with the exception of nationally negotiated pay awards which are linked to future agreed NJC/JNC uplift rates. Public Health Consultant additional payments and allowances are in line with NHS rates.

Bonuses and Performance Related Pay

For posts under this policy, the Authority does not currently operate a bonus or performance related pay scheme. Performance is considered however as part of a package to offer market supplements and retention pay when needed.

Earn-Back

The Authority does not operate a scheme of remuneration linked to Earn Back

In year variations to pay scales

The Chief Officer (HR) has delegated authority to make any necessary adjustments to the Authority's pay scales arising from national pay awards.

Termination Payments

Termination payments will be subject to any legislation currently being considered to cap Public Sector exit payments including any changes to unreduced benefits. Payments made must demonstrate value for money and be conducive to the effective and efficient operation of the Authority. The national statutory framework provides maximum discretion to award up to 104 weeks' pay.

The Leader of the Council will be informed in relation to any such termination payments.

Policy on remunerating the lowest paid in the workforce

The policy of this Authority is to apply terms and conditions of employment and relevant national pay offers that have been negotiated and agreed through appropriate collective bargaining mechanisms (national or local) or as a consequence of council decisions, these are then incorporated into contracts of employment.

In November 2019 the Living Wage Foundation announced a recommended living wage rate of £9.30. From 1st April 2020 the lowest pay point in this Authority (excluding schools) will increase to £9.30 and equate to an annual full time salary of £17942.

The council is committed to continuing to match the foundation Living Wage Rate (subject to affordability) for future years.

Based on the increased minimum hourly rate of £9.30, the pay multiplier between this and the substantive Chief Executive salary at 01/04/2020 will be 10.98:1 and based on his salary including a voluntary reduction the pay multiplier will be 10.25:1.

Policy on the relationship between Senior Officer Remuneration and that of other staff

The highest paid salary is paid to the Chief Executive. At December 2019 the median salary in Leeds City Council (not including Schools) is £23369 based on substantive pay.

The ratio between the median and Chief Executive's substantive salary, the 'pay multiple' is 8.43:1 and based on the voluntary reduction, the pay multiple is 7.87:1 this is an improvement on the previous year.

This Authority does not have a policy on maintaining or reaching a specific 'pay multiple'. However the Authority is conscious of the need to ensure that the salary of the highest paid employee is not excessive and is consistent with the needs of the Authority as expressed in this policy statement.

The Authority's approach to the payment of staff is to pay that which the Authority needs to pay to recruit and retain staff with the skills, knowledge, experience, abilities and qualities needed for the post in question at the relevant time, and to ensure that the Authority meets any contractual requirements for staff including the application of any local or national collective agreements, or Authority decisions regarding pay.

Gender Pay Gap

From 2017/8 all public and private sector employees with 250 or more employees were required to annually publish data on the gender pay gap within their organisation. The Gender Pay Gap is the difference between the average hourly earnings of all male employees in the organisation and the average hourly earnings of all female employees within the organisation based on a set “snapshot date”, this being 31st March each year for public sector employees. Data from each snapshot date has to be published by 30th March the following year. The first was reported in March 2018 for the snapshot taken on 31st March 2017. Using the same snapshot date the Council now has 3 years of data:-

Year Snapshot Date	Women's Mean Hourly rate is % lower than men's	Women's Median Hourly Rate is % lower than men's
31.3.17	8.6%	13.1%
31.3.18	6.3%	10.8%
31.3.19	5.9%	7.8%

In addition, using the same snapshot date all organisations are obliged to report on the percentage of male and female staff by quartile, the results for Leeds City Council being:-

	Women 31.3.18	Women 31.3.19	Men 31.3.18	Men 31.3.19
Top Quartile (highest paid)	58.7%	58.8%	41.3%	41.2%
Upper Middle Quartile	54.1%	53.7%	45.9%	46.3%
Lower Middle Quartile	55.2%	55.1%	44.8%	44.9%
Lower Quartile (lowest paid)	75.1%	75.2%	24.9%	24.8%

The results show a decrease in both the mean and median gender pay gap and an increase in the percentage of women in the top three pay quartiles

Re-employment of staff in receipt of a LGPS Pension or a Redundancy/Severance Payment

The Authority is under a statutory duty to appoint on merit and has to ensure that it complies with all appropriate employment, pension and equalities legislation.

Obligations under the Code of Recommended Practice for Local Authorities on Data Transparency and the data which is published under The Accounts and Audit (England) Regulations (2011).

The Authority will publish information on pay and rewards for staff falling under the criteria specified in the Code of Recommended Practice for Local Authorities on Data Transparency

and which requires the Authority to provide information relating to those employees with salary packages above £50,000 and which fall below those of Chief Officers as specified above.

Election Fees

Grant funding is made by the Cabinet Office for national elections and referendums which is paid to the Chief Executive in their capacity as Returning Officer. In turn these are apportioned to officers delegated to support the Returning Officer in accordance with criteria determined by the Chief Executive.

Private Service Company Consultants

Individuals who operate as private service companies will not be engaged to cover senior officer posts covered by this policy.

Publication of pay statement

Upon approval by the full council this statement will be published on the council's website.