

STRATEGY, FINANCE & CITY REGENERATION COMMITTEE ADDENDUM

4.00PM, THURSDAY, 14 MARCH 2024

COUNCIL CHAMBER, HOVE TOWN HALL

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ADDENDUM

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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
Email: laura.rush@brighton-hove.gov.uk

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**

Appendix 1

Brighton & Hove City Council Pay Policy Statement 2024/25

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 while remaining prudent in its use of public funds.

To achieve this, the council requires a workforce that is conscientious, professional, and reliable at all levels and which has the relevant up-to-date skills and knowledge to deliver high quality services to the residents of and visitors to Brighton & 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 the 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 worked to address low pay and ensure that the pay gap between the highest and the lowest paid is appropriate and justified. As at April 2023 the council's lowest pay point £12.59, is 15.5% higher than the April 2023 'Real Living Wage' of £10.90, and 20.8% higher than the 23/24 National Living Wage Rate of £10.42. Note the NLW is due to increase to £11.44 from April 2024. 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 the council's 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.

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 its [grading structure](#). This is spinal column point 7 and is applied to casual workers as well as employees. A full-time post is based on a 37-hour week.
- 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).
- The publication of the 'pay multiples' provides a calculation in the form of a ratio between the median average earnings across the organization, and the highest paid employee and was recommended by the Hutton report on Fair pay.

Senior Structure

With effect from 1st April 2024, the Corporate Leadership Team comprises the following posts:

- Chief Executive;
- Corporate Director – Families, Children and Learning (incorporating Director of Children's Services (DCS) role);
- Corporate Director – Housing, Care and Wellbeing (incorporating Director of Adult Social Services (DASS) role);
- Corporate Director – City Services
- Corporate Director – Corporate Services

The Corporate Leadership Team also includes the Chief Finance Officer and the Director of Human Resources & Organisational Development, both of whom report to the Corporate Director – Corporate Services.

The Extended Corporate Leadership Team comprises members of the Corporate Leadership Team and Assistant Directors ([Link to structure chart](#)). The Leadership Network for the council comprises the Chief Executive, Corporate Directors, Assistant Directors and those that report to them and are also on a senior management grade (M7 and above).

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 as well as other members of ELT and Assistant Directors.

The Joint Negotiating Committee for Chief Executives of Local Authorities covers the pay and conditions for Chief Executives.

The Soulbury Committee negotiates the pay and conditions for advisory staff in local authorities, 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

While full Council formally approves the Council's Pay Policy Statement, Cabinet 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 structure 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 & 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 staff employed on Teachers, Soulbury and Youth Worker conditions of service. The current pay and grading structure was implemented in September 2022.

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 they reach the maximum point of the grade. Pay awards for NJC, JNC, Soulbury and Teaching staff are negotiated nationally. Where a member of staff is the subject of formal disciplinary and capability processes, increments may be withheld.

With the exception of Soulbury and Teaching staff 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](#). National terms and conditions for Soulbury and Teaching Staff incorporates specific requirements around progression related to performance.

7 Remuneration on Appointment

Staff are usually appointed on the minimum spinal column point of the grade. However line managers have discretion to appoint above the minimum of the grade including where there are difficulties recruiting to a post or where an individual can demonstrate significant valuable previous experience.

The Chief Executive is required to consult the council's Appointments & Remuneration Panel on the appropriate starting salary for any new permanent Corporate 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 may receive a fee for acting as the Returning Officer at elections. Fees for local elections are set using the East Sussex Scale of Election Fees & Charges. National election fees are set by the Department of Levelling Up, Housing and Communities.

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

9 Corporate Leadership Team

The pay and grading of the Corporate 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. Corporate Directors progress to the next point of their grade scale subject to satisfactory performance in the role as determined by the Chief Executive. Once at the top of the scale they continue to receive the JNC for Chief Officers nationally negotiated cost of living awards.

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 payments 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

The Council is committed to becoming a carbon neutral city and promoting healthy and sustainable travel. This means that when employees are required to travel, they should be aware of choosing the most cost-effective, efficient and sustainable ways of travelling, both to and from work and within the working day.

Staff should first ensure that travel is necessary and that the intended outcome could not be achieved by other means, such as email or telephone or video-conferencing. Where travel is necessary, staff should make optimum use of diary planning to minimise the number of business travel journeys made and should explore walking, cycling, public transport options before using a car.

Where authorised to do so, employees are entitled to be reimbursed for mileage they incur whilst discharging their official duties. This does not include mileage to or from home to their normal place of work. The rate of [reimbursement](#) will depend on the engine size of their car, while 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 the East Sussex County Council Pension Fund ([Link to rates on ESCC Website](#)).

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 Director of Human Organisational Development (or their delegate), the Monitoring Officer (or their deputy) and the S151 Chief Finance Officer (or their deputy) 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, responsibility for the final decision remains with the relevant Chief Officer.

In the case of Chief Officers, other than those who report to members of the Corporate Leadership Team, and in any case where the proposed total payment is £100,000 or more and does not meet the definition of a Special Severance Payment outlined in statutory guidance, then the Chief Executive may approve the severance package where the package has been recommended by the Council's Appointments & Remuneration Panel. The council's External Auditor is also consulted about any potential offers to Chief Officers.

Where a Special Severance Payment of between £20,000 and £100,000 is made to any officer then as well as being approved by the Chief Executive, a record shall be made of the approval of the Leader or any other member agreeing it. All Special Severance Payments of over £100,000 and any compensation packages in excess of £100,000 which relate to the Chief Executive must be approved by full Council.

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 at the top of the grade 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 Chief Officer 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 and Pay Multipliers – Publication of Information

The council publishes details of staff earnings in accordance with legal requirements on transparency. This includes the relationship between the remuneration of Chief Officers and the median salary of our workforce. The 'pay multiple' will be calculated each year and published on the [Council's website](#). Historical information will be retained in order to monitor the pay multiple over time.

Further information is contained in the [Statement of 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 requires 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.

The council publishes ethnicity pay and disability gap reports on a voluntary basis.

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

