

Subject:	Pay Policy Statement 2020/21		
Date of Meeting:	23 April 2020 19 March 2020 – Policy & Resources Committee		
Report of:	Assistant Director HROD, Finances & Resources		
Contact Officer:	Name:	Wendy Jepson	Tel: 01273 295088
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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 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 Policy & Resources Committee to recommend to Council the attached pay policy statement for adoption from 1st April 2020.

2. RECOMMENDATIONS:

- 2.1 That the Policy & Resources Committee recommends to Council the adoption of the pay policy statement for 2020/21 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 it relates. The statement for 2020/21 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.
- 3.4 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 Statutory guidance issued under section 40 of the Localism Act 2011 (*Openness and Accountability in Local Pay 2012*) states that Members should be offered the opportunity to vote before large salary packages are offered in respect of a new appointment and sets the appropriate threshold at £100,000. In Brighton & Hove, the Council convenes an Appointment & Remuneration Panel whose advice must be sought in relation to senior salaries. In this way, it is ensured that adequate systems are in place to ensure value for money.
- 3.7 Supplementary statutory guidance, published in February 2013, recommends greater scrutiny and accountability of decisions 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 the guidance states that the relevant components of such packages should be clearly set out.
- 3.8 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. 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 & 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 the Policy & Resources Committee for approval.

- 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, the guidance referred to above 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 2018/19 the pay multiple was 5.7:1. This is recalculated after the end of the financial year and published on the council's website as part of our pay data. The pay multiple is calculated using the definition contained in the Local Government Transparency Code, i.e. the ratio between the highest paid employee (usually the Chief Executive, as is the case with Brighton & Hove) and the median salary across the workforce (excluding school staff).
- 3.12 The pay multiple for 2019/20 is yet to be calculated, however it is not anticipated that this will have changed significantly as salaries and allowances have remained fairly static.
- 3.13 The pay policy statement, when published on our website, will contain hyperlinks to related information.

Potential Changes in 2020/21

- 3.14 Since 2015, the Government has been considering introducing a cap of £95,000 on exit payments for employees in the public sector, as well as an obligation to repay exit payments if an individual returns to public sector employment within 12 months of leaving it. This is achievable as framework legislation has been put in place to permit either or both measure to be introduced by the laying of a statutory instrument (or regulations) which makes relevant provision.

- 3.15 In April 2019, the Government resurrected its plans for a cap on exit payments by launching a consultation on draft regulations (the 'Public Sector Exit Payment Cap Regulations 2019') and guidance. The proposed arrangements would impose on public sector employers a legal obligation to cap public sector exit payments at £95,000. The consultation closed in July 2019 and no information is currently available on when any new obligation might take effect. When or if it does, then the Council will be bound by the new rules. As a result, the situation is being monitored so that the council's arrangements can be reviewed once full details and implications are known.
- 3.16 There is no indication that proposals are currently underway to resurrect regulations for the clawback of public sector exit payments where an employee returns to employment in the public sector within 12 months. However as the power to make relevant regulations is contained in existing legislation, a watching brief is again being maintained so that the council's arrangements can be reviewed as and when necessary.
- 3.17 The Voluntary Living Wage for council employees will increase to £9.30 per hour with effect from 1st April 2020: an increase of 2.0%.
- 3.18 The pay policy does not cover the Gender Pay Gap report, published on 6 March 2020, driven by The Equality Act 2010 (Specific Duties and Public Authorities) Regulations 2017 this shows that on average female employees earn 5.8% more than male employees, and that using the median as a measure female employees earn 4.9% 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 & Resources Committee approve this report and recommend that full Council formally approve the Pay Policy Statement 2020/21.

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 included within the budget for 2020/21 are consistent with this policy including provision for the Living Wage to increase to £9.30 per hour from 1st April 2020.

Finance Officer Consulted: Nigel Manvell

Date: 19/02/20

Legal Implications:

- 7.2 This Pay Policy Statement complies with the requirements of s38 of the Localism Act 2011. The council is required to have regard to the statutory guidance issued pursuant to that Act, and its arrangements are considered to meet the expectations articulated in the guidance regarding offer packages and exit payments above the £100,000 threshold specified in the guidance.

Enabling legislation is in place (in the form of the Small Business, Enterprise and Employment Act 2015, as amended by the Enterprise Act 2016) to permit the proposals indicated at para 3.12 above to be introduced by the laying of secondary legislation (in this case, regulations). That has not yet happened and it is not yet clear when or if it will. The Council's employment policies and procedures will require review should the law change in these terms. As a result a watching brief is being kept.

- 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: 20.02.20

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 2020/21

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

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 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 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 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 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.

NOTE: The Council's arrangements in relation to exit payments and in relation to offer packages will operate subject to any requirements imposed subsequent to the adoption of this pay policy statement by regulations made pursuant to the Small Business, Enterprise and Employment Act 2015, the Enterprise Act 2016 and any 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 its [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 came 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 are members of 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 & 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 & Resources;
- Executive Lead Officer Strategy, Governance & Law; and
- Executive Director of Housing, Neighbourhoods and Communities.

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 and are 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.

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 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 & 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. The 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 they reach 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 & 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 2019/20](#))

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 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 continue to receive the JNC nationally negotiated cost of living awards ([Link to actual earnings and earnings forecast for 2019/20](#)).

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

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 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 S151 Chief Finance Officer (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 & 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 Committee.

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 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.

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

