

<b>Classification</b>	<b>Item No.</b>
Open	

<b>Meeting/Dates:</b>	Employment Panel – 2 <sup>nd</sup> March 2022
<b>Title of report:</b>	Pay Policy Statement 2022/23
<b>Report by:</b>	Cabinet Member for Corporate Affairs and HR
<b>Decision Type:</b>	Council
<b>Ward(s) to which report relates</b>	All

**Executive Summary:**

Section 38 (1) of the Localism Act 2011 requires English and Welsh local authorities to produce a Pay Policy Statement for each financial year since 2012/13.

The purpose of the Pay Policy Statement is to provide transparency in respect of the Council’s approach to setting the pay of its employees (excluding teaching staff working in local authority schools) by identifying; the methods by which salaries of all employees are determined; the detail and level of remuneration of its most senior staff; and the agreed decision making arrangements for ensuring the provisions set out in this statement are applied consistently throughout the Council.

The Localism Act requires that pay policy statements and any amendments to them are considered by a meeting of full Council.

**Recommendation(s)**

The Employment Panel is asked to:

1. Commend the proposed Pay Policy Statement for 2022/2023 for approval by full Council.
2. Agree the Council’s proposed pay structure for 2022/23 as set out within the statement and inclusive of revised non-consolidated pay supplements to retain compliance with the Real Living Wage rate of pay.

## Key considerations

### 1. Background:

- 1.1 Section 38 (1) of the Localism Act 2011 requires English and Welsh local authorities to produce a Pay Policy Statement for 2012/13 and for each subsequent financial year.
- 1.2 Guidance issued by the former Department for Communities and Local Government states that the purpose of the Pay Policy Statement is to address the Government's issues with "top end pay" and some of the recommendations set out in the "Hutton review of Fair Pay in the Public Sector Report".
- 1.3 The Act requires Councils to prepare Pay Policy Statements which detail their policy on a range of issues relating to the pay of its employees; in particular, its senior staff ("Chief Officers") and its lowest paid employees.
- 1.4 The provisions do not apply to local authority school employees and neither do they change any existing responsibilities or duties under relevant Employment Legislation. However, all employees are included within the pay ratio calculations.
- 1.5 The Pay Policy Statement must be approved by full Council and then be published on the Council's web-site. This is to ensure transparency, so that local tax payers can take an informed view of whether local decisions and all aspects of remuneration are fair.
- 1.6 Matters that must be included in the Pay Policy Statement are:
  - The local authority's policy on the level and elements of remuneration for each chief officer;
  - The local authority's policy on the remuneration of its lowest-paid employees (together with its definition of "lowest-paid employees" and its reasons for adopting that definition);
  - The local authority's policy on the relationship between the remuneration of its chief officers and other officers;
  - The local authority's policy on other specific aspects of chief officers' remuneration: remuneration on recruitment, increases and additions to remuneration, use of performance-related pay and bonuses, termination payments, and transparency.
- 1.7 The Act defines remuneration widely, to include not just pay but also charges, fees, allowances, benefits in kind, increases in/enhancements of pension entitlements, and termination payments.
- 1.8 The purpose of the statement is to provide transparency with regard to the Council's approach to setting the remuneration of its employees (excluding teaching staff working in local authority schools) by identifying;

- The methods by which salaries of all employees are determined;
- The detail and level of remuneration of its most senior staff i.e. 'Chief Officers', as defined by the relevant legislation;
- The Committee(s) responsible for ensuring the provisions set out in the Pay Policy Statement are applied consistently throughout the Council and recommending any amendments to the full Council.

## **2. Pay Structure:**

- 2.1 As set out within the Pay Policy Statement the Council pays its staff in-line with nationally negotiated pay spines. The majority of staff (those paid up to circa. £55K) are paid in accordance with the National Joint Council (NJC) for Local Government Services pay scale. For these staff, national pay awards due to be applied from 1st April 2021 and 1st April 2022 are not yet agreed. The proposed pay structure for 2022/23 appended (Appendix 1 of the document) will therefore be updated to reflect the pay awards for 2021/22 and 2022/23 as and when they are agreed.
- 2.2 Given the delay in agreeing the national pay awards for 2021 and 2022, the bottom point of pay on the national NJC pay spine is now below the level of the National Living Wage which will come into force from 1 April 2022 (£9.50 per hour). Nationally, therefore, spinal column points 1 and 2 have been temporarily adjusted to take this into account.
- 2.3 Beyond this national adjustment, the Council's proposed pay structure includes a number of non-consolidated supplements to pay at Spinal Column Points 1 to 6 to support the Council's commitment to payment of the Real Living Wage. This will see the lowest point of pay rise to £9.90 from April, consistent with the current Real Living Wage. The approach to this payment is consistent with the model agreed by Cabinet in September and financial provision is included within the Council's 2022/23 budget. As and when national pay awards are agreed, the level of non-consolidated supplements will reduce to retain the absolute level of hourly pay.
- 2.4 For more senior staff, those paid in accordance with the Joint Negotiating Committee (JNC) for Chief Officers and Joint Negotiating Committee (JNC) for Chief Executives terms and conditions, the pay award for 2021/22 has recently been agreed and is reflected in the pay structures appended. The pay award for 2022/23 has not yet been agreed and will be applied as and when national agreement is reached.

## **3. Chief Officer Remuneration:**

- 3.1 The Pay Policy Statement sets out the Council's arrangements for the remuneration of Chief Officers, including arrangements for agreeing the establishment of new posts. Appendix 2 of the documents includes details of those

currently paid in accordance with JNC for Chief Officers Terms and Conditions and Appendix 3 sets out the Council's current structure of Chief Officers.

- 3.5 As part of the ongoing work on transformation the Council has committed to review the Authority's Chief Officer pay structure in 2022/23 with the aim of delivering £200k in savings through this work.

#### 4. Pay Multiple:

- 4.1 As at January 2022, the lowest rate on the NJC for LGS pay spine is £17,842 per annum (pay award pending). This rate has been enhanced in order to pay the real living wage making the rate £18,328.
- 4.2 Using data from 1<sup>st</sup> January 2021-31<sup>st</sup> December 2021, the median (the halfway point between the lowest and highest earner) full time equivalent (FTE) earnings for the whole of the workforce and the Chief Executive (top of pay spine) is 1:7.73. The difference in pay is lower than last years reported figure of 1:8.61.
- 4.3 The lowest paid earner full time equivalent (FTE) (excludes apprentices, work experience) and the Chief Executive (top of pay spine) is 1:10.50. The difference in pay is lower than last years reported figure of 1:18:61.

#### 5. Gender Pay Gap:

- 5.1 The Council is required to take a 'snapshot of data' as at the 31 March 2021 and analyse this to calculate our gender pay gap. We are required to publish the data on the Council website (to remain for at least 3 years) and also on a government site, by 31<sup>st</sup> March 2022 at the latest.
- 5.2 The Council's Gender Pay Gap for 2020-2021 compared with 2019-2020 is shown below:

##### 2019-2020

##### Women's Hourly Rate:

<b>Mean</b>	<b>3.73% lower</b>
<b>Median</b>	<b>4.98% lower</b>

##### 2020-2021

##### Women's Hourly Rate:

<b>Mean</b>	<b>3.71% lower</b>
<b>Median</b>	<b>2.02% lower</b>

- 5.3 The significant reduction in median gender pay this year is worth noting and supports the Council's commitment to gender and socioeconomic inclusion. The exceptions would be that the gap here should reduce further next year in-line with the Council's adoption of the Real Living Wage.
- 5.4 Comparisons across Greater Manchester (GM) Councils based on 2020 data places Bury 6<sup>th</sup> in respect of the mean pay gap and 6<sup>th</sup> for the median gender pay gap.
- 5.5 The GM Labour Market and Skills review cites the mean gender pay gap for 2020 as being 5.3% for Greater Manchester and 8.9% for the UK. The Council has

clearly made progress in having a pay gap 1.59% under the GM average and 5.19% under the national average.

- 5.5 As part of our Equality and Inclusion agenda we have committed to include information on our disability and ethnicity pay gaps from next year.

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### **Community impact/links with Community Strategy**

The provision of a fair and transparent pay structure supports the Council to attract and retain a skilled and competent workforce to deliver on the Authority's contribution to the Let's Do It Strategy.

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### **Equality Impact and considerations:**

<b>Equality Analysis</b>
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Equality analysis has been undertaken and no differential impact on protected groups identified as a result of the proposed Statement.
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This year has seen a reduction in the Council's gender pay gap in support of the Council's commitment to gender and socio-economic inclusion. The expectation is that this will further reduce once the impact of the Council's adoption of the Real Living Wage is reflected.

As part of our Equality and Inclusion commitment information on the Council's disability and ethnicity pay gaps from next year.

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### **Assessment of Risk:**

The following risks apply to the decision:

<b>Risk / opportunity</b>	<b>Mitigation</b>
Without an approved Pay Policy Statement the Council can not legitimately progress future employment decisions	Development and approval of this statement

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### **Consultation:**

The statement has been shared with the recognised Trade Unions and their comments incorporated within the final proposed document.

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### **Legal Implications:**

Under section 38 of the Localism Act 2011, local authorities are required to publish a 'Pay Policy Statement' on an annual basis, focused on senior employees. Approval of the Statement must be made by Council, it cannot be delegated. The Act sets out that a Pay Policy Statement must include:

- A local authority's policy on the level and elements of remuneration for each chief officer
- A local authority's policy on the remuneration of its lowest-paid employees (together with its definition of "lowest-paid employees" and its reasons for adopting that definition)
- A local authority's policy on the relationship between the remuneration of its chief officers and other officers
- A local authority's policy on other specific aspects of chief officers' remuneration: remuneration on recruitment, increases and additions to remuneration, use of performance-related pay and bonuses, termination payments, and transparency.

This must then be published as soon as is reasonably practicable following approval.

The Council must comply with all relevant employment legislation. The Council is also bound by collective agreements and contractual arrangements which cannot be unilaterally altered. Relevant legislation includes the Employment Rights Act 1996, Equality Act 2010, Part Time Employment (Prevention of Less Favourable Treatment) Regulations 2000, the Transfer of Undertakings (Protection of Employment) Regulations 2006 (as amended), Agency Workers Regulations 2010, and the Children & Families Act 2014.

The Council has taken steps to ensure there is no discrimination within its pay structures and that all pay differentials can be objectively justified. Where relevant, legislative obligation will supersede the approach and principles outlined in this statement, for example where terms and conditions are preserved as a result of contracts of employment transferring under TUPE.

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### **Financial Implications:**

This report outlines the Council's Pay Policy as required by the Localism Act. The report is a statement of fact. All pay costs are provided for and fully funded within the Council's approved budget.

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### **Report Author and Contact Details:**

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**Background Papers**

Report to the Human Resources and Appeals Panel, 25th February 2021 – Pay Policy Statement 2021/22

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**Please include a glossary of terms, abbreviations and acronyms used.**

Term	Meaning