

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

<b>Meeting/Dates:</b>	Employment Panel – 29 February 2024
<b>Title of report:</b>	Pay Policy Statement 2024/25
<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 has required 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 2024/2025 for approval by full Council.
2. Agree the Council’s proposed pay structure for 2024/25 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 required 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 published on the Council's website. This is to ensure transparency, so that local taxpayers 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. £60K) are paid in accordance with the National Joint Council (NJC) for Local Government Services pay scale. For these staff, the national pay award due to be applied from 1st April 2024 is not yet agreed. The proposed pay structure for 2024/25 appended (Appendix 1 of the document) will therefore be updated to reflect the pay award for 2024/25 as and when it is agreed.

2.2 The Council has been formally accredited by the Real Living Wage Foundation as a Real Living Wage employer. The Real Living Wage rate as of 1 April 2023 was £10.90 and the Council's pay structure included a number of non-consolidated supplements paid at Spinal Column Points 2 to 4 to both apply the Real Living Wage rate of pay and maintain appropriate differentials to other pay points. Following agreement of the 2023/24 Pay Award, the lowest spinal column point rose to £11.59, above £10.90, and the non-consolidated supplements were removed. The Real Living Wage rose to £12.00 on 24<sup>th</sup> October 2023 and employers have until 1st May 2024 to implement this. To maintain its commitment to the Real Living Wage, non-consolidated supplements will be reintroduced with effect from 1<sup>st</sup> April 2024 and paid on spinal column points 2 to 5. Once the 2024/25 Pay Award is agreed and implemented the level of non-consolidated supplements will reduce so that, as a minimum, the overall level of hourly pay is retained.

2.3 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 2023/24 is reflected in the pay structure appended. The pay award for 2024/25 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 the Council's current pay scales for Chief Officers.

**4. Pay Multiple:**

4.1 The current pay levels (as at January 2024) within the Council define the multiple between:

- 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) as 1:6.88. The difference in pay is lower than last years reported figure of 1:7.14.
- The lowest paid earner full time equivalent (FTE) and the Chief Executive (top of pay spine) as 1:9.09. The difference in pay is lower than last years reported figure of 1:10.46

4.2 The pay multiple has been calculated in accordance with the LGA Local Transparency Guidance. Data relates to the 1<sup>st</sup> January 2023 – 31<sup>st</sup> December 2023.

**5. Gender Pay Gap:**

5.1 The Council is required to take a ‘snapshot of data’ as at the 31 March 2023 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 2024 at the latest.

5.2 The Council’s Gender Pay Gap for 2022-2023 compared with 2021-2022 is shown below:

Women’s Hourly Rate:

	<b>Mean</b>	<b>Median</b>
2021/22	3.26% Lower	2.41% Lower
2022/23	6.83% Lower	3.60% Lower

5.3 Figures from the Office of National Statistics taken from the annual survey of hours and earnings (ASHE) cites the gender pay gap to be 7.7% nationally and 7.8% in the Northwest.

5.4 Whilst the gap for the Council remains below the regional and national average, this is the first time since reporting began that the Authority has seen an increase here. The full statement sets out further analysis in relation to this and the actions being taken to continue to address equity in the workforce, including pay differentials.

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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

**Equality Impact and considerations:**

<b>Equality Analysis</b>
Equality analysis has been undertaken and identifies a positive impact in that the pay structure, commitment to the real living wage and the non-consolidated supplements at the lower end of the pay spine supports those who are more socio-economically vulnerable. It also helps to mitigate the pay related consequences of any elements of race and gender based occupational segregation in the workforce.

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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 cannot 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, the report does however highlight an increased gender pay differential, the report sets out the steps the Council will take to mitigate/address this.

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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### **Background Papers**

Report to Employment Panel 1<sup>st</sup> March 2023: - [Pay Policy Statement 2023/24](#)

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

Term	Meaning