

Report of the Director of Human Resources to the meeting of the Council to be held on 16 March 2021

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Subject:

Pay Policy Statements for 2020/21 and 2021/22

Summary statement:

In accordance with the Localism Act 2011 Local Authorities are required to produce and publish a Pay Policy Statement for each financial year. The Pay Policy Statement must be approved by full Council before publication.

Equality & Diversity:

This Pay Policy Statement is a confirmation of existing policies, documents and relevant terms and conditions of employment therefore there are no diversity and equality implications arising.

An Equality Impact Assessment is not required as the Pay Policy Statement does not include proposals for new or changing policies, services or functions.

Anne Lloyd
Director of Human Resources

Portfolio:

Corporate

Report Contact: Tim Barker
Employee Relations Manager
Phone: (01274) 432031
E-mail: tim.barker@bradford.gov.uk

Overview & Scrutiny Area:

Corporate

1. SUMMARY

- 1.1 Sections 38 – 43 of the Localism Act 2011 require the Authority to produce a policy statement that covers a number of matters concerning the pay of the Authority's staff, principally its Chief Officers and the Authority's lowest paid employees.
- 1.2 The Pay Policy Statements for the year 1 April 2020 to 31 March 2021 and for the year 1 April 2021 to 31 March 2022 have been produced taking into account the relevant requirements of the Localism Act 2011 and having regard to the statutory guidance issued by the then Department for Communities and Local Government (DCLG) in February 2012 and the supplementary guidance issued in February 2013 both entitled 'Openness and accountability in local pay: Guidance under section 40 of the Localism Act 2011' ("the Guidance") together with the Local Government Transparency Code 2015 where applicable.
- 1.3 The Pay Policy Statement should be approved by a resolution of the Authority before it comes into force but because the 17 March 2020 full Council meeting did not proceed due to the pandemic, it was not possible to achieve this last year. Hence the Pay Policy Statement for the financial year 2020/21 is brought to this meeting of Council.
- 1.4 This report provides details of the proposed Pay Policy Statements for the financial years 2020/21 and 2021/22.

2. BACKGROUND

- 2.1 Section 38 of the Localism Act 2011 requires local authorities to publish a Pay Policy Statement for each financial year.
- 2.2 The Pay Policy Statement must:
 - Be produced annually in time for the start of each financial year and be approved by a resolution of full Council (the power cannot be delegated). The 2021/22 Pay Policy Statement must be prepared and approved before 31 March 2021. Any amendments required to the Pay Policy Statement in year must also be considered by full Council.
 - Be published which must include publication on the Council's website, as a minimum, soon after approval or amendment.
 - Set out the Authority's policies on a range of issues particularly relating to its chief officers and lowest paid employees.
 - Be complied with.

The Guidance also states that:

- Full Council be offered the opportunity to vote on salary packages of £100k pa or more in respect of new appointments and severance packages of £100k or more.
- 2.3 The Pay Policy Statement must set out the Authority's policy relating to:

- The level and elements of remuneration for each Chief Officer, which includes salary, any charges, fees or allowances, benefits in kind, bonuses, the use of performance related pay, increases and additions to remuneration, remuneration on recruitment and the approach to the payment of Chief Officers ceasing to be employed by the Authority.
 - The remuneration of the lowest paid employees in the workforce.
 - The relationship between the remuneration of Chief Officers and other employees.
 - The publication of and access to information relating to remuneration of Chief Officers.
- 2.4 The provisions of the Localism Act 2011 do not apply to employees of schools maintained by the Authority and therefore they are not within the scope of the Pay Policy Statement.
- 2.5 Chief Officers are defined in the Pay Policy Statement as the posts of Chief Executive, Strategic Directors, Directors, Deputy Directors, City Solicitor and Assistant Directors.
- 2.6 The Pay Policy Statement must be approved by a resolution of the full Council before it comes into force.
- 2.7 The proposed **Pay Policy Statement for 2020/21** can be found at **Appendix 1**. The proposed Statement is based on the approved 2019/20 statement (as amended by resolution of Council at the meeting on 14 January 2020) which had been updated with some minor wording clarification (not affecting the policy itself) and the removal of the reference to European Elections in Appendix A.

The following should be noted and that the information contained within that policy statement was the position at March 2020:

- 2.7.1 The pay multiple had been recalculated and remained unchanged. From 1 April 2019 the value of the 'pay multiple' between the highest paid salary and the median earnings figure of the whole of the Council's workforce remained at **8.9:1**

*NB. The pay multiple is **not** based on the lowest paid employee nor the simple average salary but it is based on the median earnings figure ie the 'mid-point'.*

- 2.7.2 The national pay awards effective from 1 April 2020 had not been agreed and therefore all salaries quoted in the pay policy statement are based on salary levels at 1 April 2019.
- 2.7.3 Revised salary bandings for the application of LGPS employee pension contribution rates from 1 April 2020 in Appendix A of the Pay Policy Statement had also not yet been officially approved and therefore are the rates at 1 April 2019.
- 2.8 The West Yorkshire Pension Fund has seen significant growth in both the volume

and complexity of administration required for the increased membership of around 287,000 for 450 employers and of the investment funds under management which total over £13 billion. The fund manages a number of other local authority Local Government Pension schemes and Fire & Rescue Service Pension schemes. An independent report in 2018 recommended a structural review of staffing and the creation of new Assistant Director posts to manage the investment funds. The report was considered and endorsed by the Joint Advisory Group. These new posts are required to ensure the pension schemes are managed effectively within the complex statutory framework and that investment funds are effectively managed to ensure the financial viability of the pension schemes which otherwise would result in increased employer contributions and would add significant costs to local authority and fire & rescue authority budgets. These posts were approved by the Chief Executive under delegated powers in accordance with article 14.20.3 of the Council's constitution. The costs are funded from the allowable administration costs that are met from the fund itself and there are no costs to the Council. The new posts have been included in Appendix B of the Pay Policy Statement.

- 2.9 The proposed **Pay Policy Statement for 2021/22** can be found at **Appendix 2**. The proposed Statement for 2021/22 is based on the proposed Statement for 2020/21 at Appendix 1.

The following should be noted:

- 2.9.1 The pay multiple has been recalculated based on the pay awards effective from 1 April 2020 that have now been agreed and implemented. The value of the 'pay multiple' between the highest paid salary and the median earnings figure of the whole of the Council's workforce has reduced slightly to **8.8:1**

*NB. The pay multiple is **not** based on the lowest paid employee nor the simple average salary but it is based on the median earnings figure ie the 'mid-point'.*

- 2.9.2 The full Council meeting on 20 February 2020 adopted the then current level of the Living Wage Foundation voluntary living wage rate of £9.30 per hour with effect from 1 April 2020. This will benefit around 1,500 employees paid on SCP1 or equivalent as the NJC rate of pay for SCP1 is £9.25 from 1 April 2020. This has been included in the calculation of the pay multiple.

The full Council meeting on 18 February 2021 committed to pay the current level of the Living Wage Foundation voluntary living wage rate (the 'Real' Living Wage) of £9.50 per hour, for one year with effect from 1 April 2021 to be implemented at the same time as the national pay awards are determined / implemented.

- 2.9.3 Revised salary bandings for the application of LGPS employee pension contribution rates have been updated from 1 April 2020 in Appendix A of the Pay Policy Statement.
- 2.10 The Executive on 18 February 2020 approved the consultation process for the preferred option to commence on ambitious plans for the introduction of a Clean Air Zone (CAZ) in the Bradford District to reduce air pollution in the shortest possible time, which will also result in reduced greenhouse gas emissions in line with the Council's Climate Emergency declaration, backed by £4m of government funding.

In order to secure the continued resourcing through to completion of this complex programme involving numerous public / private stakeholders and ensure the Council meets this ambitious objective, a temporary post of Air Quality Programme Director has been established for the duration of the implementation plan. The post was approved by the Chief Executive under delegated powers in accordance with article 14.20.3 of the Council's constitution. The costs will be met from the government funding and there are no costs to the Council. The post has been included in Appendix B of the Pay Policy Statement.

3. FULL COUNCIL CONSIDERATION

- 3.1 Full Council will consider this report and the draft Pay Policy Statements at **Appendix 1 and Appendix 2** on Tuesday 16 March 2021.

4. OTHER CONSIDERATIONS

- 4.1 The Council may, by resolution of the full Council, amend this Pay Policy Statement during the course of the year to which it relates.
- 4.2 The Restriction of Public Sector Exit Payments Regulations 2020 came into force on 4 November 2020 and apply to all parts of the public sector, with limited exceptions. However, on 12 February 2021 the Government announced that, after extensive review of the application of the Cap, the Government has concluded that the Cap may have had unintended consequences and the Regulations should be revoked. HMT Directions have been published that disapply the Cap until the Regulations have been revoked. The Government also stated its intention to bring new proposals to limit termination payments in the public sector and these will be the subject of a further consultation exercise.
- 4.3 Regulations are also to be introduced requiring those earning £80,000 pa or more who leave public sector employment and then return to work in the public sector within 12 months, to repay some or most of their redundancy payment, depending on how soon they gain new employment. When introduced this will necessitate changes to the Appendix to the Pay Policy Statement (the section entitled "Re-employment of Chief Officers in receipt of a LGPS Pension or a redundancy/severance payment".)
Exact details and when these provisions will be brought into force have yet to be announced.

5. FINANCIAL & RESOURCE APPRAISAL

There are no direct financial implications arising from this report.

6. RISK MANAGEMENT & GOVERNANCE ISSUES

No significant implications have been identified.

7. LEGAL APPRAISAL

- 7.1 The Authority is under a statutory duty to prepare and publish a Pay Policy Statement for the financial year 2021/22 and each subsequent financial year pursuant to the requirements set out in sections 38-43 of the Localism Act 2011. The Pay Policy Statement should be approved by a resolution of the Authority before it comes into force but because the 17 March 2020 full Council meeting did not proceed due to the pandemic, it was not possible to achieve this last year. Hence the Pay Policy Statement for the financial year 2020/21 is brought to this meeting of Council. The Authority must have regard to the Guidance referred to in this report in preparing and approving the Pay Policy Statement together with the provisions of the Local Government Transparency Code 2015 where applicable.

8. OTHER IMPLICATIONS

8.1 SUSTAINABILITY IMPLICATIONS

Not applicable.

8.2 GREENHOUSE GAS EMISSIONS IMPACTS

Not applicable.

8.3 IMPLICATIONS FOR CORPORATE PARENTING

Not applicable.

8.4 ISSUES ARISING FROM PRIVACY IMPACT ASSESMENT

Not applicable.

8.5 HUMAN RIGHTS ACT

No implications arising from this report.

8.6 TRADE UNION

There is no formal requirement to consult about the Pay Policy Statement however it will be shared with the recognised Trade Unions for information.

The Pay Policy Statement brings together the Authority's existing policies which have been subject to consultation where required.

8.7 WARD IMPLICATIONS

Not applicable.

9. NOT FOR PUBLICATION DOCUMENTS

None

10. OPTIONS

- 10.1 The production and publication of a Pay Policy Statement is a statutory requirement under the Localism Act 2011 for the financial year 2020/21 and 2021/22 and each subsequent financial year.

11. RECOMMENDATIONS

That the Pay Policy Statement for the financial year 2020/21 as set out at **Appendix 1** to this report and the Pay Policy Statement for the financial year 2021/22 as set out at **Appendix 2** to this report, be approved.

12. APPENDICES

Appendix 1: Proposed Pay Policy Statement 2020/21

Appendix 2: Proposed Pay Policy Statement 2021/22

13. BACKGROUND DOCUMENTS

- Openness and accountability in local pay: Guidance under section 40 of the Localism Act 2011, February 2012. [Openness & Accountability in Local Pay - Feb 2012](#)
- Openness and accountability in local pay: Guidance under section 40 of the Localism Act 2011 (Supplementary Guidance) February 2013. [Openness and Accountability in Local Pay - Feb 2013](#)
- Local government transparency code 2015
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/408386/150227_PUBLICATION_Final_LGTC_2015.pdf