

Report of the Director of Human Resources to the meeting of the Council to be held on 13 December 2022

Subject:

Pay Policy Statement Update for 2022/23

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. Full Council approved the 2022/23 Pay Policy Statement on 15 March 2022. Local authorities may be resolution amend their pay policy, and must then publish the amended policy. Amendments to the Council's Pay Policy are required to provide for appointments to the Children's Trust, and alterations to senior roles in the Council following job evaluation and benchmarking.

Equality & Diversity:

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: Anne Lloyd
Director of Human Resources
Phone: (01274) 432031
E-mail: anne.lloyd@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 This amended Pay Policy Statement for the year 1 April 2022 to 31 March 2023 has 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 Full Council approved the Pay Policy Statement for 2022/23 on 15 March 2022 and an updated Pay Policy Statement for 2022/23 on 12 July 2022.
- 1.4 This report provides details of the proposed amendments to Pay Policy Statements for the financial year 2022/23 to reflect appointments to the Chief Investment Officer, West Yorkshire Pension Fund and the re-grade and re-titling of the Deputy Director of Children's Social Care post from Assistant Director 1 to Director 1 and re-name of the post to Director of Children's Social Care and Practice to reflect the role as it will transition and TUPE transfer into the Bradford Children and Families Trust. The proposed amended Pay Policy also reflects the appointment of the Chief Executive of the Bradford Children and Families Trust, at a salary of £170 000, who will transfer to the Trust on 1 April 2023. This follows the previous report to the meeting of Council on 12 July 2022 which authorised an appropriate remuneration package to be offered following consultation.

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 2022/23 Pay Policy Statement must be prepared and approved before 31 March 2022. 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 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 amended **Pay Policy Statement for 2022/23** can be found at **Appendix 1**. The proposed amended Statement is based on the approved 2022/23 Statement which has been amended in relation to the following:

2.7.1 The pay multiple has been calculated based on the pay awards effective from 1 April 2022 that have recently been agreed. 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 from 8.8:1 to **7.9:1**

*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 2022 have now been agreed and therefore all salaries quoted in the pay policy statement are based on salary levels at 1 April 2022.

2.7.3 Revised salary bandings for the application of LGPS employee pension contribution rates are from 1 April 2022 in Appendix A of the Pay Policy Statement.

- 2.8 The post of Deputy Director of Children's Social Care has been retitled as Director of Children Social Care and Practice to better reflect the remit and responsibilities of the role as they will be as the role transitions to the Bradford Children and Families Trust. Following evaluation, the role has been evaluated at Director 1. Members are asked to note in relation to the proposed recruitment to the post of Director of Children's Social Care and Practice of the Children's Trust, as previously mentioned in the report to Council dated 12 July 2022, there have been discussions between the Council, the Department for Education, the Children's Commissioner, and the Chair of the Board of the Trust, re the remuneration package necessary to attract suitable candidates. The view is that the Council's salary scales will not adequately reflect the remuneration package that the market is likely to dictate in order to attract suitable candidates for this role. However, it has not yet been possible to arrive at a firm view re the appropriate remuneration package. Accordingly, it is proposed that delegated authority be given to the Chief Executive, in consultation with the Portfolio Holder for Children's Services, and also after undertaking consultation with the S151 Officer, the Department for Education and the Children's Commissioner, to authorise an appropriate remuneration package in respect of the post of Director of Children's Social Care and Practice at the Trust. It should be noted that the post holder will transfer to the Trust on 1 April 2023.
- 2.9 The post of Chief Investment Officer, West Yorkshire Pension Fund is a unique and highly skilled investment role, as such it has proved difficult to recruit to and market salary benchmarking data has supported a higher level of remuneration than the job evaluation outcome would suggest. As a consequence, the remuneration of the Chief Investment Officer, West Yorkshire Pension Fund is proposed as a spot salary of £199,999 to facilitate this position being filled by a sufficiently qualified and experienced individual.
- 2.10 The average salary of the candidates that met the essential criteria for the role was circa £234,000 per annum with all but one candidate being offered an annual bonus as part of their remuneration package, averaging at 100% on top of their basic salary. The job advertisement when graded at a lower salary initially failed to attract a suitable calibre of individual with adequate experience in the investment field; this being a highly specialist role in a clearly defined market. The feedback initially was that the salary for this post should exceed £200,000 per annum and a benchmarking exercise was undertaken by Proventure to support to facilitate the recruitment process.
- 2.11 The senior team in West Yorkshire Pension Fund currently lacks senior investment experience which is a highly specialised area and is outsourced at much greater cost in other similar funds around the country. The majority of UK pension funds outsource their investment management to 3rd party fund managers. The 3rd party fund managers charge a fee which is typically calculated as a % of the assets under management with additional performance fees payable if pre-agreed performance targets are met over given timeframes. The terms would vary depending upon the type of assets and the size of the mandate. This charging model would typically mean the fees payable to a 3rd party manager are significantly in excess of the costs of managing investments in-house, particularly if investment performance is strong. In house management is the lower cost option, evidenced by DLUHC statistics in cost per scheme member. The additional spend of £250k for this appointment would have moved the March 2022 WYPF outturn from £10,455k to

£10,705k, and cost per member from £33.97 to £34.78. Within that total the investment cost would have increased from £17.25 to £18.06. This would leave WYPF almost £12 per scheme member better off than the next lowest cost fund at £30 per scheme member, a saving of over £3.6m per annum.

3. FULL COUNCIL CONSIDERATION

- 3.1 Full Council will consider this report and the proposed amended Pay Policy Statement at **Appendix 1** on Tuesday 13 December 2022.

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.

5. FINANCIAL & RESOURCE APPRAISAL

- 5.1 There are financial and resource implications arising from the report, which are summarised below. Both posts have been reviewed and evaluated in accordance with the Hay job evaluation scheme and have been evaluated at Director 1, salary range £112,611 - £123,678.
- 5.2 The Director Children's Social Care and Practice post is an existing post within the structure which has been regraded and retitled to reflect that amended duties required of the post-holder as the role transitions into the Bradford Children and Families Trust. The posts will support the overall improvement of children's services.
- 5.3 The additional remuneration for the Chief Investment Officer post within West Yorkshire Pension Fund is also to be met within existing budget provision and, after market research, is within reasonable market value for such a role.
- 5.4 The West Yorkshire Pension Fund is a separate ring-fenced account outside the Council's core management accounts and is funded from the management and administration budget within the West Yorkshire Pension Fund accounts across five Local Authorities and 441 other bodies, not from Bradford Metropolitan District Council's base budget and Council Taxpayers.
- 5.5 As per Section 9 of the Pay Policy, it is requested that Full Council approve the spot salary of £199,999 per annum for the post of the Chief Investment Officer. by approving the amended Pay Policy appended to this report as appendix 1.

6. RISK MANAGEMENT & GOVERNANCE ISSUES

- 6.1 The posts have been graded using the Hay job evaluation and grading scheme which is the scheme agreed for Chief Officers to ensure this sits within the parameters of the Council's Pay Policy.

7. LEGAL APPRAISAL

- 7.1 The Authority is under a statutory duty to prepare and publish a Pay Policy Statement for the financial year 2022/23 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. 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. Under S39(4) of the Localism Act 2011, the Council can amend its pay policy statement, including after the beginning of the financial year to which it relates.

8. OTHER IMPLICATIONS

8.1 SUSTAINABILITY IMPLICATIONS

Not applicable.

8.2 GREENHOUSE GAS EMISSIONS IMPACTS

Not applicable.

8.3 COMMUNITY SAFETY IMPLICATIONS

Not applicable.

8.4 HUMAN RIGHTS ACT

No implications arising from this report.

8.5 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.

8.6 WARD IMPLICATIONS

Not applicable.

8.7 IMPLICATIONS FOR CHILDREN AND YOUNG PEOPLE

Not applicable.

8.8 ISSUES ARISING FROM PRIVACY IMPACT ASSESMENT

None.

9. NOT FOR PUBLICATION DOCUMENTS

Appendix 2 is marked Not for Publication on the grounds that it contains exempt information within paragraphs 3 and 5 of Schedule 12A Local Government Act 1972

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 2022/23 and each subsequent financial year. By resolution of the full Council, the Council may amend this Pay Policy Statement during the course of the 2022/23 financial year.

11. RECOMMENDATIONS

- 11.1 That the amended Pay Policy Statement for the financial year 2022/23 as set out at Appendix 1 to this report, be approved.
- 11.2 That the Chief Executive be given authority in consultation with the Portfolio Holder for Children's Services, and also after undertaking consultation with the S151 Officer, the Department for Education and the Children's Commissioner, to authorise an appropriate remuneration package in respect of the Director of Children's Social Care and Practice.

12. APPENDICES

Appendix 1: Proposed amended Pay Policy Statement 2022/23.

Appendix 2: This appendix is marked not for publication on the grounds that it contains exempt information within paragraphs 3 and 5 of Schedule 12A Local Government Act 1972

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