

**REPORT TO EXECUTIVE**

<b>DATE</b>	<b>11 February 2019</b>
<b>PORTFOLIO</b>	<b>Resources &amp; Performance Management</b>
<b>REPORT AUTHOR</b>	<b>Head of People and Development</b>
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**Pay Policy Statement 2019****PURPOSE**

1. To seek approval for the Council's Pay Policy Statement which is required to be published prior to the end of March each year.

**RECOMMENDATION**

2. That Full Council
  - approves the attached Pay Policy Statement for 2019/20;
  - approves the amendments to the Council's National Joint Council (NJC) grading structure from April 2019;
  - approves the minor updates to the Statement of Pensions Policy: and
  - notes the Council's Gender Pay Gap report which is at Appendix H of the Pay Policy Statement

**REASONS FOR RECOMMENDATION**

3. The Localism Act 2011 – [Chapter 8 - Pay Accountability], requires all local authorities to set out its position on a range of issues relating to the remuneration of its employees. The Pay Policy Statement must be approved by the Council in open forum, by the end of March each year and then be published on its website.

**SUMMARY OF KEY POINTS**

4. The Pay Policy Statement sets out the existing approach to the remuneration of all posts within the Council. In particular it specifies certain mandatory requirements that must be detailed within the Statement. This refers to:
  - the pay structure of the Council and how it is set;
  - Senior Management Remuneration, providing details of the pay grade for posts

defined as Chief Officer and the accompanying allowances;

- the recruitment arrangements for a Chief Officer;
- the relationship between the salaries of Chief Officers and other employees;
- details of the lowest paid posts within the Council;
- employer's Pension Contribution details;
- termination of employment payments.

5. The Localism Act includes five key measures that underpin the Government's approach to decentralisation, these being; Community rights, Neighbourhood Planning, Housing, General Power of competence and empowering cities and other local areas.
6. The purpose of the Pay Policy Statement (PPS) is to ensure there is transparency on how pay and remuneration is set by the Council, for all of its employees and particularly for its most senior level posts. The Council already publishes pay and remuneration details of its senior managers on its website under the DCLG's requirements of the Transparency Code which specifies what open data local authorities must publish. This will be updated at the start of the new municipal year.
7. The Statement is reviewed annually and approved by Full Council prior to the end of March each year. The National Employers and trade unions previously agreed a two year pay deal covering the period 1 April 2018 to 31 March 2020.

Year 2 of the deal comes into effect in April 2019 providing a minimum annual pay increase of 2.0% for pay points at or above current scp29, with the pay points below this receiving bottom loaded increases.

The 2019 deal also introduces a new, renumbered national pay spine which has been proposed in order to absorb the impact of the National Living Wage. . The current national pay spine is numbered 6 – 49. The new national pay spine includes some pairing of the current pay points and introduces 5 new points and is numbered 1 – 43. The Council's pay spine currently starts at spinal column point scp11 (new scp3) to ensure our minimum salary is at or above the Foundation Living Wage which will continue to be the case.

8. From April 2019 as agreed with the trade unions it is proposed the Council's NJC grading structure will be as follows:
  - The Council will continue to apply the Foundation Living Wage as its lowest pay point for employees or scp3, whichever is the higher
  - Grade 2 will become scp3 on the new pay spine (formerly scp11)
  - Grade 3 will become a single pay point grade scp4 - merging the current scp12 and scp13
  - Grade 4 will have 2 pay points scp5 (merging current scp14 and scp15) and scp6 (merging scp16 and 17)
  - Grades 5, 6 and 7 will continue to have 4 pay points using the new pay point numbers. The new national pay points i.e. points 10,13, 16, 18 and 21 will not be applied (fallowed) in the Council's grading structure but may be reintroduced if there are future negotiated changes to our grading structure. So for example Grade 5 will be made up of new pay points 7,8,9 and 11.

- Grades 8 – 14 are unaffected other than the pay points will be renumbered

9. Due to the pay award there has been some improvement in the pay ratio of the lowest paid to the Chief Executive 6.3 (6.6 in 2018/19) and the ratio of the lowest paid to the Chief Officer 3.5 (3.6 in 2018/19).
10. The Council considers it is important that a balance is struck to ensure it rewards managers appropriately for their responsibilities and to ensure it retains and attracts talented senior officers. From April 2019 the Council's head of service structure will be readjusted from 7.6 to 7 FTE posts. The Council had 14 senior management posts in April 2015. All head of service posts were reviewed and job evaluated in 2017/18 and salaries benchmarked by external independent advisers, effective from April 2018. The agreed salaries were based on the median+7.5% of the most relevant median salary, in terms of local authority population and type. This is a requirement under the Chief Officer terms and conditions of employment.

<b>Band</b>	<b>April 2018</b>	<b>April 2018</b>
Band 2	£59,125	£61,515
Band 3	£54,169	£56,359

11. The Government has previously proposed introducing a cap on the total value of exit payments in the public sector of £95,000 enacted through the Enterprise Bill 2015-16. Regulations regarding the implementation for this cap are still awaited. Proposed regulations concerning the recovery of exit payments made to employees in the public sector who return to the same job within a period of 12 months are also still awaited. There is no indication currently of when these regulations will be implemented. Council policies and procedures will be updated accordingly once full details are available.
12. The updated Statement complies with the guidance issued by the Department of Communities and Local Government in Spring 2013.
13. There have been minor update to the Statement of Pensions policy to clarify what is meant by a week's pay for redundancy purposes (para 6), to confirm the timeframe for the auto enrolment process (para 16), updates to web addresses and confirmation of delegated decision processes.
14. Last year, in addition to the Pay Policy Statement the Equality Act 2010 (Specific Duties and Public Authorities) Regulations 2017 required public sector organisations with 250 or more employees to publish information to demonstrate how large the pay gap is between their male and female employees. The data is calculated according to the requirements of the Equality Act 2010 and is based on the Council's workforce on 31<sup>st</sup> March each year.

At 31<sup>st</sup> March 2018 our workforce comprised of 56% male and 44% female employees. For the purposes of reporting the gender pay gap, all permanent, temporary and casual employees are included in the total workforce figure of 238. The Council has decided to continue to report on the Gender Pay Gap although its workforce is now less than 250.

The gender pay gap is different to equal pay. Equal pay relates to men and women receiving equal pay for equal work. Not meeting this requirement is unlawful. The Council operates job evaluation schemes to ensure that work of equal value is paid at the same rate.

The gender pay gap is a measure of any disparity in pay between the average earnings of males and females. The Council's mean pay gap is 4.7% and the median pay gap is 5.47%. At 31<sup>st</sup> March 2017 the figures were mean 2.3% and median 7.9%. Both figures are below the national average, which are currently 17.1% and 17.9%.

Latest figures suggest that the median gender pay gap across the public sector is 19% and the figure across all industries in Lancashire is 20.8% with Burnley at 7.5%. The Council compares favourably with these statistics.

The Council will continue to apply its flexible working policies, anonymised recruitment processes, talent management and promote other learning and development programmes to ensure all employees have equal access for career development.

#### **FINANCIAL IMPLICATIONS AND BUDGET PROVISION**

15. The pay and remuneration detailed within the Pay Policy Statement are all within the approved budget of the Council.

#### **POLICY IMPLICATIONS**

16. The policies and appendices referred to in the Pay Policy Statement have previously been approved through Council procedures and in consultation with trade unions and are available on the Council's website. The job evaluation schemes used to establish the grades of posts have been agreed nationally with the trade unions and meet equality and human rights standards.

#### **DETAILS OF CONSULTATION**

17. Management has consulted with the trade unions on the changes to the NJC grading structure.

#### **BACKGROUND PAPERS**

18. None

#### **FURTHER INFORMATION:**

**PLEASE CONTACT:**

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**ALSO:**