

**REPORT TO FULL COUNCIL**

<b>DATE</b>	<b>26 February 2020</b>
<b>PORTFOLIO</b>	<b>Resources &amp; Performance Management</b>
<b>REPORT AUTHOR</b>	<b>Strategic HR Manager</b>
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**Pay Policy Statement 2020****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 this report and the attached Pay Policy Statement for 2020/21;
  - 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. National pay negotiations on pay rates for 2020 are yet to be agreed and are not incorporated into the Statement.
  8. The pay ratio of the lowest paid to the Chief Executive is 6.0 (6.3 in 2019/20) and the ratio of the lowest paid to the Chief Officer is 3.6 (3.5 in 2019/20).
  9. 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. The Council's head of service structure is 7 FTE posts. All head of service posts were reviewed and job evaluated in 2017 and salaries benchmarked by external independent advisers.
  10. In February 2018, Full Council approved the implementation of a retention payment for the Strategic Head of Economy & Growth to recognise that the post is integral to the development and delivery of a number of major strategic interventions for the Borough and is part of the Council's Management Team. It is important to regularise retention payments (where possible) to maintain transparency. It is also important to review our pay bands to ensure that they reflect the sector we operate within. The job description for the post has been revised and we commissioned an external assessor to review the job evaluation using the agreed Local Government Employers Senior Manager Scheme.
  11. The outcome of this evaluation indicated that we required a new pay grade within our salary structure for Chief Officers to be applied to the Strategic Head of Economy & Growth. Information on pay data obtained from the Employers Organisation advised that the average pay for similar posts in the region was £72,538. This equates to an additional £1,323 for this post.
  12. It is therefore recommended that the grades for Heads of Service with effect from 1<sup>st</sup> April 2020 (subject to pay award) are:

	Annual Salary	JE Points
Band 2a	£72,538	1301-1500
Band 2b	£61,515	1101-1300
Band 3	£56,359	901-1100

13. 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 Act 2016. 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.
14. The updated Statement complies with the guidance issued by the Department of Communities and Local Government in Spring 2013.
15. In addition to the Pay Policy Statement the Equality Act 2010 (Specific Duties and Public Authorities) Regulations 2017 requires 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 2019 our workforce comprised of 57% male and 43% 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 218. 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 -0.19% and the median pay gap is -3.76%. The negative values mean that, based on the calculations required for the Gender Pay Gap, our female employees are paid, on average, more than male employees.

At 31<sup>st</sup> March 2018 the figures were mean 4.7% and median 5.47%. Both figures are below the national average, which are currently 16.2% and 17.3%.

Latest figures suggest that the median gender pay gap across the public sector is 16.8% and the figure across all industries in Lancashire is 17.6% with Burnley at 13.8%. 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**

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

## **POLICY IMPLICATIONS**

17. 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**

18. Management Team. Member Structures Officers' Group and Trade Unions

## **BACKGROUND PAPERS**

19. None

## **FURTHER INFORMATION:**

**PLEASE CONTACT:**

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**ALSO:**