

REPORT TO FULL COUNCIL



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PORTFOLIO	Resources & Performance Management
REPORT AUTHOR	Strategic HR Manager
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Pay Policy Statement 2022

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 2022/23;
 - notes the Council’s Gender Pay Gap report which is at Appendix H of the Pay Policy Statement
 - approves, subject to reaching a collective agreement or following consultation with affected employees, an amendment to NJC terms and conditions which will require employees on Grades 7-11 to provide a minimum of 2 months’ notice of termination and for employees on Grades 12-14 to provide a minimum of 3 months`.

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.
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 2021/22 and 2022/23 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 (6.0 in 2021/22) and the ratio /of the lowest paid to the Chief Officer is 3.6 (3.6 in 2021/22).
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. Job evaluations are updated as roles change.
10. The Restriction of Public Sector Exit Payments Regulations 2020 which introduced a cap on the total value of exit payments in the public sector of £95,000 were revoked in February 2021. However, HM Treasury have indicated that they will bring forward further reform in due course. Council policies and procedures will be updated accordingly once any further regulations are introduced.
11. The updated Statement complies with the guidance issued by the Department of Communities and Local Government in Spring 2013.
12. 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 31st March each year.

At 31st March 2021 our workforce comprised of 53% male and 47% female employees. For the purposes of reporting the gender pay gap, all permanent and temporary employees are included in the total workforce figure of 219. The Council has decided to continue to report on the Gender Pay Gap although its workforce is 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 0.73% and the median pay gap is -6.62%. The negative value means that, based on the calculations required for the median Gender Pay Gap, our female employees are paid more than male employees. At 31st March 2020 the figures were mean 2.68% and median -0.55%. Both figures are below the national average, which are currently 14.9% and 15.4%.

Latest figures suggest that the median gender pay gap across the public sector is 18.0% and the figure across all industries in Lancashire is 14.7% with Burnley at 15.4%. 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.

13. Unlike the gender pay gap, there is currently no legal requirement for organisations to report their ethnicity pay gaps. The Government did consult on mandatory reporting in 2018 and it was reported that they received an overwhelmingly positive response but they are yet to publish any regulations. However, in the absence of legislation, the Council believes that we should voluntarily compile ethnicity pay information as part of our approach to improve inclusion and tackle inequality in the workplace.

The Council's mean ethnicity pay gap at 31st March 2021 was -10.0% and the median was -3.17%. This means that our employees that identify as BAME receive, on average, a higher hourly rate than those identifying as white. It should be noted, however, that it is a relatively small number of employees in the comparison group as 6.84% of our employees are from the BAME community (the Borough population is 12.6%).

There are very few organisations currently publishing ethnicity pay data so it is difficult to carry out any analysis or comparison but we plan to develop our reporting in future. However, the latest ONS report published in 2020 suggests that the national median ethnicity pay gap is 2.3%

14. The current period of notice for all NJC employees up to and including Grade 11 is one month, increasing to 2 months for those on Grades 12-14.

Over the past couple of years there have been a number of occasions when key staff have given one month's notice of their intention to leave the Council. This has led to challenges with workforce planning and with ensuring that things are in place prior to their termination to ensure a smooth handover and business continuity.

Subject to the Council being able to reach a collective agreement with the Trade Unions or following consultation with the affected employees it is therefore proposed that employees on grades 7-11 inclusive have their notice period increased from one calendar month to two months and employees on grades 12-14 inclusive have their notice period increased from two calendar months to three months.

The change would also have the effect of amending the notice period to be provided by the Council in cases of redundancy or other dismissal (except summary dismissal in cases of gross misconduct). Any notice issued by the Council will remain subject to the Employment Rights Act.

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. Trade Unions

BACKGROUND PAPERS

18. None

FURTHER INFORMATION:

PLEASE CONTACT:

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ALSO: