

Meeting:	Council
Meeting date:	Friday 12 February 2021
Title of report:	Pay Policy Statement
Report by:	Chair of Employment Panel

Classification

Open

Decision type

This is not an executive decision

Wards affected

(All Wards);

Purpose and summary

To approve the 2021 pay policy statement for publication.

Recommendation(s)

That:

- (a) the pay policy statement at appendix A is approved for publication

Alternative options

1. There are no alternative options to the recommendation; the annual approval by council of the pay policy statement is a statutory requirement arising from the Localism Act 2011 to provide transparency with regard to the council's approach to setting the pay of its employees. The statement does not of itself make any policy changes, but provides a summary of those policies already in place.
2. It is open to council to determine any changes it wishes to make to the statement to improve transparency, having regard to the statutory guidance issued by the Department for Housing, Communities and Local Government.

Key considerations

3. The Localism Act places a requirement on the council to produce an annual pay policy statement for each financial year and for this statement to be approved by full Council before the start of the financial year to which it relates.
4. The statement must set out the council's policies relating to:
 - a) The remuneration of its chief officers
 - b) The remuneration of its lowest paid employees; and
 - c) The relationship between the remuneration of its chief officers and the remuneration of its employees who are not chief officers.
5. The statement must include the council's definition of 'lowest paid employees' and the reasons for adopting that definition.
6. The statement must include policies relating to:
 - a) The level and elements of remuneration for each chief officer
 - b) Remuneration of chief officers on recruitment
 - c) Increases and additions to remuneration for each chief officer
 - d) The use of performance related pay for chief officers
 - e) The use of bonuses for chief officers
 - f) The approach to the payment of chief officers on their ceasing to hold office under, or to be employed by the authority; and
 - g) The publication of and access to information relating to remuneration of chief officers
7. The statement draws together factual material and provides a summary of the current pay policies of the council.
8. The ratio between the council's lowest paid staff and the chief executive's salary is included in the statement. For 2021 this ratio is 1:8.68 which is the same as the previous year. A comparison of the pay ratios published for similar or neighbouring local authorities is below and this shows Herefordshire's ratio to be amongst the lowest.
 - a) Worcestershire County Council, 1:10.77
 - b) Birmingham City Council, 1:10.2
 - c) Warwickshire County Council, 1:10.6
 - d) Powys County Council, 1:7.78
 - e) Staffordshire County Council, 1:12
 - f) Dudley MBC, 1:11
 - g) Oxfordshire County Council, 1:11.2
 - h) Bristol City Council, 1:9.5

i) Sandwell Council, 1.9

9. As required by law, the gender pay gap is reported annually for the previous year. For completeness the gender pay gap will be included in future pay policy statement reports. At the time of writing, gender pay gap data for 2020 was not yet available. The gender pay gap for previous years was reported as shown below. This data shows an improving trend.

Year	Median (smaller is better)	Mean (smaller is better)
2019	9.8%	5.5%
2018	12.8%	7.5%

10. All posts, whether chief officer or not, have their level of remuneration established through assessment by a nationally recognised and independent job evaluation scheme. Council must approve any new salary packages, or severance payments, exceeding £100,000.
11. In approving its statement, Council must have regard to any guidance issued by the secretary of state. This has been taken into consideration in the development of the statement.

Community impact

12. By complying with the legal requirement the council continues to ensure that the resources available are used in the most effective way and there is transparency in how public money is used. This contributes to the corporate plan priority to secure better services, quality of life and value for money.
13. By publishing the statement the council is demonstrating the code of corporate governance principles of implementing good practices in transparency, reporting, and audit to deliver effective accountability, and behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.

Environmental Impact

14. Whilst this decision will have minimal environmental impacts, consideration has been made to minimise waste and resource use in line with the council's environmental policy.

Equality duty

15. Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:

A public authority must, in the exercise of its functions, have due regard to the need to -

- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
- (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;

- (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
16. The pay policy statement makes clear that the council's employment policies, and the processes by which pay levels for a post are set, have full regard to equality legislation.

Resource implications

17. There are no financial implications relating to the pay policy statement arising from the report; the statement simply summarises current policies and pay levels.

Legal implications

18. Sections 38 – 43 of the Localism Act 2011 requires the council to prepare a pay policy statement for each financial year. Section 3.5.21 of the constitution requires the employment panel to review the pay policy and recommend to council. It must be prepared and approved before 31 March and once approved, published.
19. The 2021 policy statement meets the requirements of the Localism Act and also meets the requirements of the guidance issued by the Secretary of State for Communities and Local Government to which the council is required to have regard to Section 40 of that Act.

Risk management

20. The risk associated with the pay policy statement is set out below.

Risk / opportunity	Mitigation
Failure to approve and publish a statement would result in non-compliance with a statutory requirement.	Arrangements are in place to ensure publication of the statement following approval by Council.

Consultees

21. None

Appendices

Appendix A – Pay policy statement

Background papers

None identified