

**PERSONNEL COMMITTEE - 27 FEBRUARY 2020
COUNCIL - 5 MARCH 2020**

PUBLICATION OF THE COUNCIL'S PAY POLICY STATEMENT

REPORT OF THE CHIEF EXECUTIVE

1. PURPOSE

- 1.1 To consider and recommend to Council the content of the Council's updated Pay Policy Statement 2020/21, required for publication by the Localism Act 2011.

2. RECOMMENDATIONS

That the Personnel Committee:

- 2.1 Notes the content of the Council's Pay Policy Statement at Annex 2 and recommends its acceptance, and subsequent publication on the Council's website on 1 April 2020, to Full Council on 5 March 2020.
- 2.2 Agrees the changes to senior pay scales as set out in section 4.4 below with effect from 1 April 2020.
- 2.3 Commits to being a Real Living Wage Employer in 2020 as detailed in section 4.5.
- 2.4 Delegates authority to the Director: Finance & Human Resources, after consultation with the Leader of the Council, to amend the Statement as necessary in line with any statute or further national guidance that may be issued following the meeting of the Committee or changes to nationally negotiated pay rates during the period of the Policy Statement.
- 2.5 Delegates authority to the Chief Executive, after consultation with the Leader of the Council, to vary the grade point for individual posts in exceptional circumstances.
- 2.6 Delegates authority to the Chief Executive, after consultation with the Leader of the Council, to make new appointments below the grade range for individual posts in appropriate circumstances.
- 2.7 Delegates authority to the Director: Finance & Human Resources to update information on Pay Multiples as data becomes available.

3. PREVIOUS MINUTES

Personnel Committee: PEB-31 (13 February 2012), PEB-8 (19 February 2013), PEB-4 (10 February 2014), PEB-8 (22 January 2015), PEB-9 (11 February 2016), PEB (2 February 2017), PEB (2 February 2017), PEB (8 February 2018), PEB (31 January 2019)

Full Council: 92(i) (1 March 2012), 77(i) (7 March 2013), 78 (27 February 2014), 59 (i) (m) (5 March 2015) and 80 (i) (3 March 2016), (2 March 2017), (1 March 2018), (28 February 2019)

4. BACKGROUND

- 4.1 The Localism Act 2011 requires local authorities to produce an annual Pay Policy Statement. The Act requires the Statement to detail the Council's policies in respect of remuneration at various tiers within the Council. The Act does not apply to local authority maintained schools or to Apprentices.

4.2 The purpose of these provisions is to provide transparency with regard to the Council's approach to setting the pay of its employees by determining:

- The methods by which pay is determined.
- The detail and level of remuneration of its most senior staff
- The Committees responsible for ensuring consistent application of the provisions set out in the Statement.

4.3 The Council's Pay Policy Statement details

- pay negotiation bodies
- initial allocation of pay points
- lowest paid employees and the ratio comparison with the highest paid employees
- senior management remuneration
- the recruitment of chief officers
- additions to chief officers' pay
- termination payments
- where accountability and responsibility lies.

4.4 It is proposed that there are changes to the senior pay structure with effect from 1st April 2020. Background and context:

Telford & Wrekin Council last completed a comprehensive review of senior manager grades and pay in 2011. That review resulted in the former Managing Director and the Directors being paid on a single fixed point basis, whilst Assistant Directors were paid on a six point incremental scale.

The recent review of the Council's senior management structure has resulted in changes in roles, responsibilities and job titles in the senior management team to enable the delivery of the Council's plan. It is therefore timely to review the grading structure and remuneration level of senior managers. For this purpose 'senior managers' are defined as the Chief Executive, Executive Directors and Directors.

Competition between local authorities for the recruitment of talented and experienced individuals for senior managers is intense in the current market. Jobs are now frequently advertised as 'salary negotiable' in order to attract the best candidates. This competition between authorities is driving up the pay levels necessary to attract, recruit and retain the exceptional individuals required for such demanding posts. The Officers' side of the Joint Negotiating Committee for Chief Officers of Local Authorities have also recently reported that, in real terms, senior manager salaries have fallen by 22% since April 2008.

A comparison of current remuneration levels (as at 1st April 2019) for equivalent senior manager roles in the region shows that generally Telford & Wrekin's salaries sit below the regional average and this is shown in annex one. All Directors in post have reached the top of their six point salary scale and in order to aid retention and recruitment it is necessary to facilitate the opportunity for the salary scale to be reviewed to allow potential further progression. Such progression being subject to the satisfactory achievement of targets set by the Chief Executive for Executive Directors and targets set by the Chief Executive and Executive Directors for Directors in consultation with the Leader of the council. In summary, in order to reflect market conditions and to attract and retain talented senior managers, it is proposed to amend pay grades with effect from 1 April 2020 as follows:

Chief Executive. The Chief Executive has an annual salary of £155,000 per annum. No additional fees are payable to the Chief Executive for the local returning officer duties. There will be no change to the salary level.

Executive Directors. Executive Directors currently have an annual salary of £116,321 per annum. It is proposed to move to a 4 point scale (£116,321 - £125,000). Current Executive Directors being assimilated to the first point* in the new scale from April 2020.

Executive Director Scale Point	Value
1	£116,321*
2	£119,214
3	£122,107
4	£125,000

Access to incremental points being subject to satisfactory performance review. This will include the satisfactory achievement of targets set by the Chief Executive and in consultation with the Leader. The Chief Executive, after consultation with the Leader of the Council, may vary the grade point for individual posts in exceptional circumstances.

For newly appointed Executive Directors an annual salary below scale point 1 may be offered in appropriate circumstances. Transition to new Executive Director scale will be subject to satisfactory performance.

Directors. Directors are currently appointed on a 6 point scale (£80,347, to £89,097). All current Directors are on the top of the scale, receiving £89,097 per annum. It is proposed to move to a 4 point scale (£89,097 - £98,000). Current Directors being assimilated to the first point* in the new scale from April 2020.

Director Scale Point	Value
1	£89,097*
2	£92,065
3	£95,033
4	£98,000

Access to incremental points being subject to satisfactory performance review. This will include the satisfactory achievement of targets set by the Executive Directors and Chief Executive and in consultation with the Leader.

The Chief Executive, after consultation with the Leader of the Council, may vary the grade point for individual posts in exceptional circumstances. For newly appointed Directors an annual salary below scale point 1 may be offered in the appropriate circumstances. Transition to new Director scale will be subject to satisfactory performance.

- 4.5 The Council is committed to working towards paying the Real Living Wage to all employees to ensure our employees earn a wage that meets the costs of living.

The Real Living Wage for 2019 was £9.00 per hour. All employees, with the exception of those on apprenticeships, currently receive a minimum of £9.00 per hour. The Real Living Wage for 2020 has now been set at £9.30 with a view to this being implemented by employers by 1st May 2020. The NJC pay award for 2020/21 has yet to be agreed.

The Council will be a Real Living Wage Employer for 2020/21 increasing pay rates to meet this commitment from April 2020 ahead of the finalisation of the national pay award.

5. LEGAL

- 5.1 The Pay Policy Statement has been drafted in accordance with the requirements of section 38 of the Localism Act 2011. The Act prescribes information to be included in the Statement, its manner of publication and the requirement for the Council to act in accordance with its approved Policy Statement.

6. FINANCE

- 6.1 The Pay Policy Statement identifies the Council's approach to setting the pay of its employees, including termination costs.

There are financial implications directly relating to the updating of the Pay Policy Statement subject to the achievement of the targets set by Executive Directors and Chief Executive in consultation with the Leader. It is estimated that in 2020/21 there could be a maximum of two months, February and March 2021, of everyone hitting their targets and moving up one increment, this may not be the case but we need to allow a scenario to provide an example on impact. If this was the case, the additional cost would be circa £40k including full allowance for all on-costs and assuming that the three vacant Director posts were recruited at the bottom of the revised grade. Subject to performance targets being met, over a minimum of four years as only one increment can normally be secured (subject to achieving targets) per year, then the total maximum potential cost, including all on costs, would be £148.8k, which is included in the Medium Term Financial Strategy to be considered by full council on 5 March.

The additional cost of meeting the Real Living Wage commitment for 2020 has also been included within the proposed service and financial planning strategy to be considered by full Council on 5 March.

Employee costs form part of the Council's budget, which is approved at full Council each year, and estimates will take into account the principles set out in the Statement. Any variations from the approved budget will be highlighted as part of regular financial management reports/other relevant reports in line with Financial Regulations. Senior Officer Remuneration is published annually in the Council's Statement of Accounts in line with the requirements of the Accounts & Audit Regulations and on the Council's website.

7. ENVIRONMENTAL

There are no environmental issues arising from this report.

8. EQUALITIES

- 8.1 Pay is a major equalities issue and the Pay Statement will assist in identifying issues requiring resolution.

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