

Council Report

Ward(s) affected: n/a

Report of: Managing Director (Head of Paid Service)

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## Pay Policy Statement 2018-19

### Recommendation to Council

- (1) That the Pay Policy Statement for the 2018-19 financial year, attached at Appendix 1 to this report, be approved.
- (2) That, subject to approval of the 2018-19 revenue budget, a 2.0% pay award for the Managing Director, the Deputy Managing Director designation and the Directors be approved for implementation on 1 April 2018.

### Reasons for Recommendation:

- (1) To comply with the Localism Act 2011 (Section 39)
- (2) To authorise the pay award for the Corporate Management Team

### 1. Purpose of Report

- 1.1 Under Section 39 of the Localism Act 2011, the Council is required to consider and approve a pay policy statement for the financial year ahead. This report seeks approval for a statement covering 2018-19, which is set out in **Appendix 1**.
- 1.2 The report also seeks approval to implement the cost-of-living pay award on 1 April 2018 for members of Corporate Management Team.
- 1.3 Subject to Council approving the revenue budget for 2018-19, the Managing Director will agree a cost-of-living pay award with UNISON of 2.0% for all staff to apply for a period of 15 months.

### 2. Strategic Priorities

- 2.1 By setting out clearly how the Council is spending public money, the statement supports the Council's mission and values to be efficiently run and to deliver

value for money while also demonstrating that we have effective governance in place to manage pay and remuneration for all our staff.

### **3. Background**

3.1 The Localism Act 2011 (the Act) includes a clear expression of the Government's desire that taxpayers can access information about how public money is spent on their behalf. It translates this into a requirement for improved transparency over both senior council officers' pay and that of the lowest paid employees. To support this, the Act requires us to publish an annual pay policy statement and Council approved the first of these annual statements on 9 February 2012.

3.2 The Act sets out specific information that we must include in our pay policy statement, these are:

- the remuneration policy for our chief officers (these include the Managing Director, Deputy Managing Director, Directors, and our second tier officers who are directly accountable to our first tier officers for the management and provision of individual elements of the Council's services). The Act defines remuneration widely to include not just pay but also other allowances, payments or benefits in kind
- the remuneration policy and definition of our lowest paid employees
- the relationship between the remuneration of chief officers and other officers
- other policies relating to specific aspects and elements of chief officer remuneration such as pay increases, use of performance-related pay and bonuses, remuneration on recruitment, termination payments and other pay terms for the financial year and transparency.

The Act also defines the process for a pay policy statement that:

- must be approved formally by Council
- must be approved by the end of March every year for the following financial year
- must be published on the Council's website as soon as it is approved
- must be complied with for all decisions on pay and reward for chief officers
- makes provision for Council to make in year amendments to the statement at any time and this function cannot be delegated.

3.3 The Managing Director has delegated authority, in consultation with the Leader of the Council, to agree any pay award for staff below Corporate Management Team so long as it is within the budget approved by Council.

### **4 Updates made to the current Pay Policy Statement**

4.1 The Pay Policy Statement reflects the new Senior Management structure, which consists of four Directors reporting to the Managing Director, a Deputy Managing Director designation, and Service Leaders reporting to either the Managing Director or Directors. References to the Heads of Service roles have been removed.

- 4.2 The attached draft Pay Policy Statement has been written on the assumption that the budget will be approved and that a cost-of-living award of 2% for all staff is agreed. The pay award agreed is a 15 month award to be effective from 1 April 2018 until 30 June 2019. With effect from 1 July 2019 the annual pay award will be applied from 1 July each year in line with the date of incremental progression.

This increase is below the government-preferred measure of inflation, the Consumer Price Index (CPI); however, we consider this a reasonable and fair settlement and is the highest pay award since 2009. In determining the award, local economic factors have been taken into consideration:

- The average house price in Guildford (£443,131) is over 13 times the average salary in the borough
- The average purchase price for a first time buyer in Guildford is £330,000 (Source: Homes for Surrey)
- The Office of National Statistics reports that between 2012 and 2015 wages dropped by 1.5% in Surrey. At the same time, house prices increased by 25.9%. Since April 2015, house prices have increased a further 11.7%.
- We are experiencing recruitment difficulties in some areas and particularly with our ambitious capital programme it is important that we are in a position to attract, recruit and retain a skilled and committed workforce
- The award will enable us to continue to support pay at a level above the UK Living Wage (based upon basic cost of living) for our lowest paid employees, this year and into the future.

- 4.3 In the event that the budget is not approved, a further report will need to be brought to Council to consider the implications and any amendments required to the draft Pay Policy Statement before it can be approved.

- 4.4 We will continue to pay at the UK Living Wage for outside London, currently £8.75 per hour, at the bottom of our pay scale. This will aid recruitment difficulties in attracting and retaining key staff. This year we have increased our apprentices' pay rate to £5.00 per hour during their first year rather than the minimum national hourly rate of £3.70.

- 4.5 Under Section 5.6, which sets out the additional elements of remuneration that are paid to senior management, there is a new statutory role of Data Protection Officer, which attracts an additional payment of £3,000 p.a.

- 4.6 New Government regulations require the Council to publish details of our gender pay gap annually on our website and to upload this information to a publicly accessible Government website. Section 8 of the Pay Policy Statement sets out our gender pay gap which, with a mean pay gap of -9%, compares favourably to the national figure of 9.1%. The Gender Pay Gap report is set out at **Appendix 2**.

## **5 Equality and Diversity Implications**

- 5.1 The Council's duty under section 149 of the Equality Act 2010 is to have due regard to the matters set out in relation to equalities when considering and making decisions. The Pay Policy Statement is designed to bring fairness and

equality to the application of pay and remuneration within the Council. For example, paying the National Living Wage to all staff, not only those aged 25 or over, as required by law. There are no direct equality impacts associated with agreeing the Pay Policy Statement itself.

## **6. Financial Implications**

- 6.1 All of the financial elements of the Pay Policy Statement are included in the 2018-19 draft budget to be considered and approved by Council separately at its meeting on 7 February 2018. Specifically, it includes provision for a cost-of-living pay award for all staff, as detailed in paragraphs 1.3 and 4.2 above.

## **7. Legal Implications**

- 7.1 The Pay Policy Statement is a requirement of section 38 (1) of the Localism Act 2011 that sets a statutory duty on local authorities annually to publish a statement approved by Council by the end of the financial year and relating to the new financial year. Failure to comply could lead to a legal challenge to the Council and therefore it is important that the statement reflects the requirements of the Act and all the associated statutory guidance.
- 7.2 During 2018-19, we will continue to monitor and review all aspects of the Pay Policy Statement in the light of relevant legislation, statutory guidance, best practice and the changing landscape of pay policy in local government and the wider public sector. This will ensure that future statements continue to meet the changing business needs and future challenges facing the Council.

## **8. Human Resource Implications**

- 8.1 The Pay Policy Statement clearly relates to human resource management issues. We have fully considered and planned for these during 2018-19. The application of this statement and its requirements will be applied to staff consistent to the Council's HR policies and procedures and the relevant legislation applicable at the time. There are therefore no additional human resource implications to publishing the Pay Policy Statement itself.

## **9. Conclusion**

- 9.1 The Pay Policy Statement is required to comply with legislation and also supports our long-standing approach of openness and transparency about pay.
- 9.2 The Council is fulfilling its obligation by adopting and publishing the Pay Policy Statement 2018-19.

## **10. Background Papers**

*Communities and Local Government Openness and Accountability in Local Pay: Guidance under Section 40 of the Localism Act*

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/5956/2091042.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/5956/2091042.pdf)

*Communities and Local Government Openness and Accountability in Local Pay:  
Guidance under Section 40 of the Localism Act Supplementary Guidance*  
[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/85886/Final\\_Supplementary\\_Pay\\_Accountability\\_Guidance\\_20\\_Feb.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/85886/Final_Supplementary_Pay_Accountability_Guidance_20_Feb.pdf)

## **11. Appendices**

Appendix 1: Pay Policy Statement 2018-19

Appendix 2: 2018 Gender Pay Gap report