

# COUNCIL

Monday, 28 November 2022

## LOCALISM ACT – 2011 – SECTION 38: LOCAL PAY POLICY STATEMENT

Report of the Head of Human Resources- Sukhi Aujla

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### Recommendation

It is recommended that Council formally confirms its acceptance of the attached Pay Policy Statement which complies with the Council's obligation under Section 38 of the Localism Act 2011. This Pay Policy Statement will then be published on the Council's website for transparency.

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### Summary

As part of the Government's desire to have open and transparent pay/terms and conditions arrangements for its most senior staff, Section 38 (1) of the Localism Act 2011 requires English and Welsh local authorities to produce a pay policy statement and to formally review and agree it at Council each year. This responsibility cannot be devolved to any other person or committee. The attached statement is drawn up in compliance with the Act and covers the financial year 2021/22.

Under the Local Authorities (Data Transparency) Code 2015 and the Accounts and Audit Regulations 2015 new and additional information on senior managers and unions is required to be published; key duties of role / staffing and budget responsibilities / contact details etc. This is not covered by this policy but all required information under the Data Transparency Code is published on the Council's website for open public access at any time.

### Statutory Powers

Localism Act 2011

### Introduction

1. This Policy Statement has been produced in accordance with Sections 38 to 43 of the Localism Act 2011 (the Act), which requires local authorities to publish an annual statement of their policy for the relevant financial year in relation to:

- The policy on the level and elements of remuneration for each chief officer
  - The policy on the remuneration of its lowest-paid employees (together with its definition of “lowest-paid employees” and its reasons for adopting that definition)
  - The policy on the relationship between the remuneration of its chief officers and other officers
  - The policy on other specific aspects of chief officers’ remuneration: remuneration on recruitment, increases and additions to remuneration, use of performance-related pay and bonuses, termination payments, and transparency.
  - Specifically, the guidance states that pay policy statements should set out policies on the reward of chief officers who fit into one of the following categories:
    - were previously employed by the same authority, left with a severance or redundancy payment, and have come back as a chief officer.
    - were previously employed by the same authority and have come back as a chief officer under a contract for services
    - are in receipt of a Local Government Pension Scheme or Fire fighter pension (whether their previous service was with the same authority or not).
2. In the interests of clarity and transparency, it is recommended that authorities should use the opportunity to set out their overall rewards strategy for the whole workforce and not to limit themselves to matters specifically required by the Act and statutory guidance.

The pay policy statement:

- must be approved formally by the Council
  - must be approved each year
  - can be amended in-year
  - must be published on the authority’s website (and in any other way the authority chooses)
  - must be complied with when the authority sets the terms and conditions for a chief officer.
3. Eastleigh Borough Council complies with legislation that already requires a local authority to publish statements relating to remuneration. Regulation 7

of the `Local Government (Early Termination of Employment) (Discretionary compensation) (England and Wales) Regulations 2006` requires an authority to formulate, review, and publish its policy on making discretionary payments on early termination of employment. In addition, regulation 66 of the `Local Government Pension Scheme (Administration) Regulations 2008` requires an authority to publish its policy on increasing an employee's total pension scheme membership and on awarding additional pension.

## **Heading**

4. Eastleigh Borough Council Pay Policy Statement – Financial Year 2021/2022

## **Financial Implications**

5. There are no specific financial implications resulting from this report. The report and its appendix outlines current arrangements with regards to the Council's pay arrangements for chief officers and other staff.

## **Risk Assessment**

6. The Council has a legal duty to ensure that it provides a public annual Pay Policy Statement that meets the various requirements of Sections 38 to 43 of the `Localism Act 2011`. The attached Statement has been drawn up to meet those requirements.

## **Equality and Diversity Implications**

7. The Statement covers all paid staff within the Council and is a matter of fact. There are no particular equality and diversity implications to note.

## **Climate Change and Environmental Implications**

8. There are no climate change or environmental emergency considerations arising from this report.

## **Conclusion**

3. Council is asked to formally confirm its acceptance of the Pay Policy Statement (Appendix 1) which complies with the Council's obligation under Section 38 of the Localism Act 2011. Once adopted at full Council, the attached statement will be published on the Council's website and is available for any of the public to access at any time.

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Appendices Attached: 1

### **LOCAL GOVERNMENT ACT 1972 - SECTION 100D**

The following is a list of documents which disclose facts or matters on which this report or an important part of it is based and have been relied upon to a material extent in the preparation of this report. This list does not include any published works or documents which would disclose exempt or confidential information.

- Section 38 - 43 of the Localism Act 2011
- Local Government Association (LGA) Advisory letter to Chief Executives – 25 November 2011 - LOCALISM ACT: Pay Policy Statements guidance for Local Authority Chief Executives.

## **Eastleigh Borough Council Pay Policy Statement – Financial year 2021/2022**

### **1.0 Purpose**

Under Section 112 of the Local Government Act 1972, the Council has the “power to appoint officers on such reasonable terms and conditions as the authority thinks fit”. This Pay Policy statement sets out Eastleigh Borough Council’s (the Council) approach in accordance with the requirements of section 38 of the Localism Act 2011 relating to the pay of its workforce for the financial year 2021/2022. Its purpose is to provide transparency with the regard to the Council’s approach to setting the pay of its employees.

In addition, it provides information on facilities time given for local, recognised trade union representatives. In relation to pay the Council has one set of terms and conditions which cover all staff groups as part of the Single Status Agreement signed in 2000. There are no separate or more advantageous arrangements for any groups of staff, including senior staff.

The Pay Policy aims to ensure that all employees are rewarded fairly and without discrimination for the work that they do. It reflects fairness and equality of opportunity, the need to encourage and enable employees to perform to the best of their ability and the commitment to operate a transparent pay and band structure.

The Council recognises that pay is not the only means of rewarding and supporting employees and offers a wider range of non-pay benefits, such as flexible working arrangements, access to learning and development and an Employee Assistance Programme.

### **2.0 Definitions**

For the purpose of this pay policy statement the following definitions will apply: - Chief Officers Section 43(2) of the Localism Act 2011 defines Chief Officers as:

- the authority’s Head of Paid Service under section 4(1) of the Local Government and Housing Act 1989 (the ‘Act’)
- the Monitoring Officer under section 5(1) of the Act
- statutory officers under section 2(6) of the Act
- non-statutory officers under section 2(7) of the Act
- deputy chief officers under section 2(8) of the Act

From the definitions provided by sections 4(1), 5(1), 2(6) and 2(7) of the Act, Chief Officers are: the Chief Executive; Corporate Leadership Board members (including the Chief Financial Officer) and the Executive Head of Governance (Monitoring Officer).

Deputy Chief Officers are defined in section 2(8) of the Act as a person who is required to 'report directly or is directly accountable to one or more of the statutory or non-statutory chief officers'. This covers: Executive Heads and the Strategic Planning Manager who report directly to a Corporate Director.

Lowest paid employees are those staff on salary band 1. This band is the lowest salary band of the Council's salary system which covers those posts assessed through the job evaluation scheme as having the least amount of complexity and responsibility and therefore attracting the lowest salary. This Council has committed to paying the Living Wage, which is higher than the National Minimum Wage (the minimum amount all workers are entitled to as set by the Government).

Other staff are those paid below Chief Officer level but above the minimum Band 1/Level 2 Apprenticeships.

### **3.0 Pay Framework**

All staff, from the lowest paid to the Chief Executive, are assigned a pay band using the Council's agreed job evaluation system. There is one job-evaluation system which covers all staff, including Chief Officers. All posts are evaluated by a trained job evaluation panel which includes a union representative, a manager and a HR representative.

The pay bands range from Band 1 (the lowest) to Band 17 (the highest).

### **4.0 Key salary data April 2022**

The Council monitors the relationship between the remuneration of its Chief Officers and Deputies and the remuneration of its lowest paid employees. The Council also commits to calculating the pay ratio on an annual basis to monitor trends and to ensure that this pay multiple does not widen significantly.

The Council defines its 'lowest paid employees' as employees paid on the first pay point. This is the lowest rate of pay applied to council employees, £18,328 per annum.

Using 2021/2022 salary data;

- The maximum salary payable at Band 17 is 6.41 times higher than the minimum of Band 1.
- Median salary = £25,391
- The current ratio of the mid-point of the Chief Executive's band to the median salary in the organisation is 1:4.5 This is based on a median salary of £25,391

## **5.0 Pay bands (and uplifts)**

The pay bands are locally determined and increase in line with any nationally agreed pay award agreed between Local Government National Employers following negotiation with national local government trades unions. Where no national increase is made, no uplift is made locally to the salary bands.

## **6.0 Progression within pay bands**

Staff (including senior managers) are appointed to a spot salary within the band for their post. Normally this is on or at the lower end of the band unless there are clear reasons for placing an individual higher up the band (usually based on level of competency and previous relevant experience). Progression within the band is not automatic and there are no automatic annual increments. Employees undergo performance development reviews as part of our annual performance management cycle, where progress against objectives and behaviours is assessed. An increase in basic pay is only made where clear criteria have been met (including the achievement of annual objectives/targets and demonstration of employee behaviours) and are always subject to local funding availability. Where local funding is not available for performance-related increases, only the national pay award is granted. Where performance increases are granted, the Council's Corporate Leaders review all recommendations for salary increases to ensure fairness, consistency and affordability. Increases are not given where there are attendance (unrelated to maternity or disability) or performance issues or a live disciplinary warning. Staff at the top of their band cannot receive an increase in their basic pay arising from their performance but can receive a non-consolidated payment for demonstrating exceptional performance.

Where an employee has demonstrated performance over and above what is expected or taken on a one-off project that is in addition to their substantive role but is not to be awarded a consolidated pay increase, they can be granted a one-off payment in the form of an honorarium. All such payments are subject to the approval of the Executive Head, Finance and Head of HR.

For employees temporarily carrying out the role of a higher-band post, they can be granted an acting up payment which reflects the additional duties and responsibilities undertaken. This is based upon the salary level of the higher band role that is being

carried out. All such payments are subject to the approval of the Executive Head, Finance and Head of HR.

Career-band/trainee posts: Special arrangements are in place for certain trainee posts (referred to within the Council as 'career band posts'). These posts span more than one band. Progression through the band is based on the assessed achievement of agreed competencies and/or achievement of professional qualifications.

## **7.0 Allowances and additions**

Allowances: Some allowances are in place for matters such as working overtime, working on public holidays and are in line with the Council's Expenses Policy.

Expenses: The Council recognises that some employees incur necessary expenditure in the conducting of their duties, for example travel costs. Reimbursement for reasonable expenses incurred on Council business are paid to employees and approved by the relevant Manager.

Professional subscriptions: Where it is an essential requirement that an employee holds membership of a professional body in order to be able to perform their role, the Council will re-imburse the cost of one professional membership.

Pension: All employees are eligible to join the Local Government Pension Scheme. Contribution rates are a percentage of earnings. Employees can decide to opt out of the Scheme. The benefits payable are set out in Local Government Pensions regulations.

Market supplements: The Council reviews appropriate external pay market data to ensure our remuneration levels are consistent with other local authorities, provide value for money for the tax-payer and support the Council to remain as a competitive employer in areas of skills shortage. If appropriate, market factors are applied for some difficult to fill posts. In exceptional circumstances where such market factors are applied, any such supplements are reviewed regularly in line with Council policy.

## **8.0 Who conducts pay reviews for whom?**

- Senior managers in conjunction with line managers for their staff
- Corporate Leadership Board for Executive Heads
- The Chief Executive for the three Corporate Directors and Local Area Managers and Strategic Planning Manager
- The Leader of the Council for the Chief Executive

## **9.0 Termination of Employment / redundancy**

On ceasing to be employed by the Council, employees will be paid contractual payments due under their contract of employment. Employees with more than 2 years continuous service are eligible for a redundancy payment if their post is declared redundant and no suitable alternative role can be found for them. The Council's Organisational Change Procedure details the conditions under which redundancy payments can be made. The Council calculates redundancy payments based on an individual's actual pay (a week's pay), length of continuous service and age, in line with statutory calculations.

## **10.0 Trade union facility time**

The Council formally recognises three unions: UNISON, GMB and Unite. In this reporting period, the Council recognised five staff to undertake local union duties (equating to 3.93 full time equivalent). This is broken down as follows:

- 1) Local Branch Secretary, Unison and four local Unison representatives. Duties include; meetings with the Corporate Leadership Board member (Corporate Director) and HR Lead at the Joint Consultative Committee, Branch meetings, meetings with staff, staff representation and various ad hoc work including job evaluation. The Unison Branch Secretary is the formal Employee Side Representative.
- 2) There are currently no GMB or Unite representatives in place.

Facilities time represents approx. £7,777 cost per annum, including employer on-costs.

## **11.0 Conclusion**

This pay policy statement will be reviewed annually and recommended to Full Council for approval. The Council may, by resolution of the Full Council, amend this Pay Policy Statement during the course of the year to which it relates.