

North Tyneside Council

Report to Council

Date: 21 March 2019

ITEM 5

Title: Pay Policy
Statement 2019/20

Portfolio(s): Deputy Mayor

Cabinet Member(s): Councillor Bruce
Pickard

Report from Service Area: Human Resources

Responsible Officer: Janice Gillespie Head of Resources Tel: (0191) 643 5701

Wards affected: All

PART 1

1.1 Executive Summary:

The Localism Act 2011 requires all local authorities to prepare and publish a Pay Policy Statement by 31 March each year. The Act also requires that the Statement must be approved by Full Council. The Pay Policy Statement provides information on the Authority's approach to the pay and grading of its workforce including in particular Chief Officers.

Some areas of the Pay Policy Statement have changed during the past 12 months since it was last published. These relate to the North Tyneside Senior Pay Scales; the Pay Multiple and the Pay and Grading Structure for 'Green Book' employees. The Pay and Grading Structure has been re-aligned due to the changes to the National Pay Spine brought in as part of the two year 2018/19 National Joint Council (NJC) for Local Government Services Pay Agreement. The changes to the Pay Model have been subject to consultation and verification by the Trades Unions.

The Authority has a statutory duty to publish the Pay Policy Statement on its website following its approval by Full Council.

1.2 Recommendation:

It is recommended that the Council approves the Pay Policy Statement for 2019/20 including the re-aligned Pay and Grading Structure and authorises publication of the Pay Policy Statement on the Authority's website.

1.3 Forward Plan:

Twenty eight days' notice of this report has been given and it first appeared on the Forward Plan that was published on the 8th February 2019.

1.4 Council Plan and Policy Framework

The Pay Policy Statement supports the delivery of the Our North Tyneside Plan.

1.5 Information:

Background

1.5.1 The Localism Act 2011 requires all local authorities to prepare and publish a Pay Policy Statement. This statement must set out each authority's policies towards a range of issues relating to the pay of its workforce, particularly its senior staff (or 'Chief Officers') and its lowest paid employees. Pay Policy Statements must be prepared for each financial year, approved by full Council and published.

What must be included in Pay Policy Statements

1.5.2 Section 38 of the Localism Act 2011 sets out what must be included in Pay Policy Statements. In particular, information must be included in relation to:

- the remuneration of its Chief Officers;
- the remuneration of its lowest-paid employees, and
- the relationship between –
 - the remuneration of its Chief Officers, and
 - the remuneration of its employees who are not Chief Officers.

1.5.3 The Statement must also state:

- the definition of "lowest-paid employees" adopted by the Authority for the purposes of the statement, and
- the Authority's reasons for adopting that definition.

1.5.4 Finally, the Pay Policy Statement must include the Authority's policies relating to:

- the level and elements of remuneration for each Chief Officer;
- remuneration of Chief Officers on recruitment;
- changes to remuneration for Chief Officers;
- the use of performance-related pay for Chief Officers;
- the use of bonuses for Chief Officers;
- the approach to the payment of Chief Officers on their ceasing to hold office or to be employed by the Authority; and
- the publication of and access to information relating to remuneration of Chief Officers.

A Pay Policy Statement for a financial year may also set out the Authority's policies for the financial year relating to the other terms and conditions applying to the Authority's Chief Officers.

Approach adopted by the Authority

- 1.5.5 The Pay Policy Statement attached at Appendix 1 follows the approach agreed by Full Council in previous years. The statement complies with requirements of the Localism Act 2011. It also takes account of the policies and processes that the Authority already has in place to manage decisions around the recruitment, appointment and termination of employment of Chief Officers and the publication of data on senior salaries to comply with the Code on Data Transparency.

Member Involvement

- 1.5.6 The Localism Act requires Members to take a greater role in determining pay by ensuring that decisions in relation to pay are taken by those who are directly accountable to local people. Along with the Code on Data Transparency, the Act's provisions are in place to ensure that communities have access to the information they need to determine whether remuneration, particularly senior remuneration, is appropriate and commensurate with responsibility. In addition, the Act requires that policies on the pay and reward of the most senior staff are set clearly within the context of the pay of the wider workforce.

Accountability

- 1.5.7 Pay Policy Statements and any amendments to them must be considered by a meeting of Full Council and cannot be delegated to a committee or sub-committee. All decisions on pay and reward for Chief Officers must comply with the current Pay Policy Statement.

Transparency

- 1.5.8 The Pay Policy Statement has to include information on the Authority's approach to the remuneration of Chief Officers. Remuneration includes salary (for Chief Officers who are employees) or payment under a contract of services (for Chief Officers who are self-employed), expenses, bonuses, performance-related pay as well as severance payments.
- 1.5.9 The Act does not require authorities to use their Pay Policy Statements to publish specific numerical data on pay and reward. However the Authority does publish data under the Code of Recommended Practice for Local Authorities on Data Transparency and also in accordance with the requirements of the Accounts and Audit (England) Regulations 2018. Authorities are asked in the Statutory Guidance to consider the opportunity this presents to put that data within the context of the Authority's agreed policies and to provide the public with a clear justification of how their money is being used appropriately in the pay and reward of senior staff.

Areas of Change to the Pay Policy Statement for 2019/20

- 1.5.10 The following areas of the Pay Policy Statement for 2019/20 have been amended:

- the Median average salary has moved from £21,962 to £22,401 per annum which equates to a 2% increase. The pay multiple when rounded remains the same as reported last year at 1:7;
- the Mean average salary is £25,474 which represents a ratio of 1:6;
- a North Tyneside Living Wage pay supplement was implemented on 1 September 2018 which sets the minimum hourly rate at £8.75 per hour for those employees on Spinal Column Points 6 to 11. On the implementation of the second year of the Pay

Award 2018-19 as from 1 April 2019 the lowest hourly rate will become £9.00 per hour; and

- The pay and grading model has been aligned to reflect the 2019 Pay Award and changes to the National Pay Spine.

2019 Pay Award

1.5.11 The Pay Award agreed by the NJC for Local Government Services for 1 April 2019 as part of the two year 2018/19 NJC Pay Agreement is based on the following:

- a bottom rate of £9.00 per hour
- renumbering the National Pay Spine
- 'pairing off' Spinal Column Points (SCPs) 6-17 to create new SCPs 1-22 (which replace SCPs 6-28)
- bottom loaded pay increases in excess of 2% on new SCPs 1-22
- 2% pay increase on all new SCPs 23-43 (old SCPs 29-49)

To implement the changes to the National Pay Spine and map across to the Authority's current pay and grading structure a new pay model has been developed based on the advice issued by the Local Government Association and comparisons with other Local Authorities. This:

- ensures the new pay model is aligned as far as possible to the existing pay and grading structure
- maintains the top pay line of each existing grade remains the same
- provides that there are no extended grades (no additional SCPs have been added to a grade)
- maintains the integrity of grades in the middle of the national pay spine it has been necessary to reserve the use of some SCPs as to apply them would elongate grades and change existing grade boundaries
- maintains grade boundaries wherever possible
- ensures that entitlement to specific terms and conditions of service, such as overtime rates of pay and additional annual leave map across to the equivalent SCP on the new pay spine
- ensures employees remain in the same grade as their existing substantive grade as a result of assimilation

Consultation with the Trades Unions has taken place on the pay model which has been agreed and will be implemented for the 1 April 2019. Council is requested to approve the new pay and grading structure as set out in the Pay Policy Statement.

1.6 Decision options:

1.6.1 The following decision options are available for consideration by Council:

Option 1

Approve the Pay Policy Statement for 2019/20.

Option 2

Not approve the Pay Policy Statement for 2019/20.

1.7 Reasons for recommended option:

1.7.1 Option 1 is recommended for the following reasons:

The proposed Pay Policy Statement is a representation of how the Authority manages its current pay decisions and complies with the requirements of the Localism Act 2011

1.8 Appendices:

Appendix 1: North Tyneside Council Pay Policy Statement 2019/20.

1.9 Contact officers:

Janice Gillespie, Head of Resources, tel. 643 5701
Carol Murphy, HR Specialist, Pay, Reward & Partnerships tel. 07968239266
Stephen Ballantyne, Legal Manager – Governance and Employment, tel. 643 5329

1.10 Background information:

The following background papers/information have been used in the compilation of this report and are available at the office of the author:

- (1) Localism Act 2011
- (2) Openness and accountability in local pay: Guidance under section 40 of the Localism Act – Department for Communities and Local Government February 2012.
- (3) The Code of Recommended Practice for Local Authorities on Data Transparency – Department for Communities and Local Government September 2011.
- (4) Hutton Review of Fair Pay in the public sector March 2011.
- (5) Localism Act: Pay Policy Statements Guidance for Local Authority Chief Executives – Local Government Association and Association of Local Authorities Chief Executives (ALACE).November 2011.
- (6) Local Government and Housing Act 1989

PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING

2.1 Finance and other resources

2.1.1 The Authority must ensure that what is agreed in its Pay Policy Statement is applied in practice and where there are financial thresholds these must be adhered to.

2.2 Legal

2.2.1 The Localism Act 2011 requires a Pay Policy Statement to be prepared for each financial year and approved by the end of March each year by Authority and published. The Full Council Meeting has responsibility for approving the Pay Policy Statement and the Pay and Grading Structure.

2.3 Consultation/community engagement

2.3.1 Internal Consultation

The relevant Cabinet Member and Elected Mayor and Senior Leadership Team have been briefed on the proposed Pay Policy Statement. The trades unions have also been consulted.

2.3.2 External Consultation/Engagement

The Pay Policy Statement is a description of what the Authority applies currently as part of its Constitution, and through HR Policy and process. All have been through agreed consultation channels with managers and recognised trades unions.

As part of the requirements of the Localism Act 2011 any decisions on the pay and terms and conditions of employment for the workforce must be reflected in annual pay policy statements. National agreements cover the pay and terms and conditions of employment of the workforce and any proposed changes to these agreements would be shared and consulted on with the trades unions as part of an ongoing dialogue to comply with appropriate legal obligations on consultation.

2.4 Human rights

2.4.1 The proposals in this report support the Authority's adherence to Human Rights legislation.

2.5 Equalities and diversity

2.5.1 The proposals in this report support the Authority's equality and diversity approach. The Authority's pay and grading structures are underpinned by job evaluation schemes, the outcomes of which have been subject to an equality impact assessment.

2.5.2 The use of a job evaluation scheme provides a systematic way of comparing and assessing individual jobs in an objective way to make sure that there is a fair and equal pay system in place which does not discriminate between male and female employees

2.6 Risk management

2.6.1 The proposals in the Pay Policy Statement reflect the application of the Authority's job evaluation schemes and pay and grading structures. Any deviation from this could destabilise the pay and grading structures leading to inconsistencies and a risk of further equal pay claims against the Authority. In the last staff survey most employees stated that they perceived their pay to be fair.

2.6.2 Risks around pay and grading are managed through corporate risk management responsibilities.

2.7 Crime and disorder

2.7.1 The proposals in this report do not relate to crime and disorder.

2.8 Environment and sustainability

2.8.1 There are no environmental and sustainability implications directly arising from this report.

PART 3 - SIGN OFF

- Chief Executive X
- Head of Service X
- Mayor/Cabinet Member(s) X
- Chief Finance Officer X
- Monitoring Officer X
- Head of Corporate Strategy X