

**To the Chair and Members
of Council**

ANNUAL PAY POLICY STATEMENT 2015/16

EXECUTIVE SUMMARY

1. Local Authorities are required under section 38(1) of the Localism Act 2011 to prepare an annual Pay Policy Statement. The statement must clearly detail the Council's policy for the pay of the workforce, particularly senior staff and lowest paid employees.
2. There has once again been a positive reduction in the ratios this year (the ratio being how many times greater a salary is) between the highest and lowest paid staff.
The current ratio between the highest (Chief Executive) and lowest (£15,145 grade 3 spot point) salaries when assessed have reduced from 11.98 times last year to 9.84, giving an overall reduction in the published rate from 12:1 last year to 9.8 (i.e. the highest is now 9.8 times the lowest rate); and between the highest and average staff salary the ratio is 6.78 times.
These compare favourably with other local authorities in the local area where all were higher. Based on current published data, in comparison to near neighbours, Barnsley has a ratio at almost 12 times, however both Rotherham and Sheffield have ratios at almost 13 times. It should be noted that current published data may change when authorities publish their 2015/16 pay policies as more authorities implement the recent national pay rise and adopt the living wage.
3. This year has included staff getting a nationally agreed two year pay award of 2.2% and a 2% pay award for Chief Officers not including Directors. There has also been an overall reduction again in the number of Chief Officer posts reducing from 21 down to 20.
4. There has been a change in the ratio between the lowest paid and average salaries which has again reduced from 1.69 times to 1 last year to a ratio of 1.45 times to 1. This is a decrease in the differential between lowest paid and average salaries of 14% and is in line with the Council's commitment to address low pay.
5. All these changes show a positive trend and reflect a continuing reduction in the difference between the highest and lowest paid in line with the Council's commitment to reduce the pay difference and increase low pay. The Council has been able to achieve further improvement in its pay ratios as a result of adopting the living wage.

EXEMPT REPORT

6. Not applicable.

RECOMMENDATIONS

7. It is recommended that members note the contents of this report and approve the Pay Policy Statement for 2015/16.

WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER?

8. Publication of a Pay Policy Statement will aid transparency and provide information that will enable local people to understand the Council's pay provisions.

BACKGROUND

9. In March 2011 the Hutton Review of Fair Pay made several recommendations for promoting pay fairness in the public sector by tackling disparity between the lowest and highest paid.
10. Subsequently the Localism Act 2011 (the Act) placed a requirement on each local authority to prepare and publish a Pay Policy Statement. The provisions of the Act bring together the need for increasing accountability, transparency and fairness in the setting of pay.
11. The provisions of the Act do not apply to the employees of local authority schools and therefore unless they are centrally employed, teaching staff are not within the scope of the policy.
12. Each local authority is an individual employer in its own right and has the autonomy to make decisions on pay that are appropriate to local circumstances and which deliver value for money for local taxpayers. The provisions of the Act do not seek to change this, or to determine what decisions about pay should be taken, but they do require each local authority to be more open about their own policies in relation to pay and how related decisions are made.
13. Section 40 of the Act requires local authorities to have regard for any guidance published by the Secretary of State when developing their Pay Policy Statement. Currently this includes Communities and Local Government Guidance on Openness and Accountability in Local Pay and the Code of Recommended Practice for Local Authorities on Data Transparency, which asks authorities to consider the way they release data on senior salaries.
14. The Act sets out in detail the specific elements which the Pay Policy Statement must include as a minimum. However, it is open to each authority to determine whether they wish to expand this to cover all employees. A template Pay Policy Statement has been published by Local Government Yorkshire and Humberside Regional Employers (LGYH) which includes the minimum requirements. This template was

used as the basis for Doncaster's Pay Policy Statement which was approved and published last year.

PROPOSED PAY POLICY STATEMENT

15. The Pay Policy Statement is required to be produced annually and considered by full Council. It is not possible to delegate responsibility for the Policy to another committee.
16. It is proposed that the same format is used for the publication of the Pay Policy Statement this year with the following minor additions:
 - a. There is a requirement, under the definition of remuneration, to include details of current, and proposed, severance payments to Chief Officers as part of a decision to terminate a contract of employment. There are no such payments this year.
 - b. There is also a requirement to include any payments to Chief Officers who are engaged under contracts for service. Any engagement that the Council has made under such terms, which will continue into 2015, have been included.
17. The Council decided to meet the information access requirements by publishing the Pay Policy Statement on the Council's website last year. It is proposed to do the same this year.
18. The Act also requires that full Council should be offered the opportunity to vote before large salary packages (in excess of £100k) are offered in respect of new appointments.
19. The current and previous salary structure for Chief Officers is as follows:

Grade and Posts	Spinal Column Point	Salary 2014/15	Salary 2015/16 (includes national pay award)	Difference
SMG (New)	1	£52,506	£54,198	Increase
(Heads of Service)*	2	£54,427	£56,180	Increase
	3	£56,348	£58,163	Increase
	4	£58,909	£60,807	Increase
	5	£61,470	£63,451	Increase
CO3	6	£81,960	£83,599	Increase
(Assistant Directors)	7	£85,802	£87,518	Increase
	8	£89,644	£91,437	Increase
CO1	9	£112,695	£112,695	Same
(Directors)	10	£116,537	£116,537	Same
	11	£120,379	£120,379	Same
CE1	12	£147,500	£147,500	Same
(Chief Executive)	13	£154,750	£154,750	Same
	14	£162,000	£162,000	Same

*Heads of Service salaries have been included in the table above for transparency but are not employed under Chief Officer Terms and Conditions of Employment and therefore not designated Chief Officers for the purpose of the Pay Policy Statement.

20. The Chief Officers Pay scale was frozen for 2013/14 and 2014/15 and did not have the national pay award that was given to other staff. Chief Officers paid below £99,999 have received a 2% pay award for the period 1st January 2015 to 31st March 2016. In addition the numbers of Chief Officer posts reduced from 21 to 20. The Chief Officer post that was deleted was the Assistant Director Children and Families following the transfer of services to the Children's Trust.
21. The current ratio between the highest (Chief Executive) and lowest (£15,145 grade 3 spot point) salaries when assessed have reduced from 11.98 times last year to 9.84, giving an overall reduction in the published rate from 12:1 last year to 9.8 (i.e. the highest is now 9.8 times the lowest rate).
Benchmarking was undertaken against a number of local authorities in the Yorkshire and Humber region based on available published data and this indicated that Doncaster's ratio between the highest and lowest salaries is now well below the average of which is 13 to 1. The highest ratio obtained was 15 to 1 and the lowest currently is Doncaster. It should be noted that current published data may change when authorities publish their 2015/16 pay policies as more authorities implement the recent nationally agreed pay rise and adopt the living wage.
22. The ratio between Doncaster's highest salary and the median salary is at 8.2 to 1. In addition, between the highest and average salaries is now 6.78 to 1. The ratio between the highest and average salaries in those authorities benchmarked was 7.5 to 1.
23. The ratio between Doncaster's lowest and average salaries has again reduced from 1.69 to 1 last year to 1.45 to 1. This is a decrease in the differential between lowest paid and average salaries of 14% and is in line with the Council's commitment to address low pay.

OPTIONS CONSIDERED

24. The requirement for the Council to prepare and publish a Pay Policy Statement is a requirement of the Localism Act 2011 and therefore there are considered to be no other options. There is a prescribed minimum requirement that the Pay Policy Statement must contain, individual local authorities can exercise the option to expand it.

REASONS FOR RECOMMENDED OPTION

25. The Localism Act requires that a local authority Pay Policy Statement must be approved by full Council and the responsibility cannot be devolved to another committee. The recommended option will ensure that the Council meets the minimum requirements as laid out in the Localism Act 2011.

IMPACT ON THE COUNCIL'S KEY PRIORITIES

26.

	Priority	Implications
	We will deliver modern value for money services.	Publication of a Pay Policy Statement will aid transparency and provide information that will enable local people to understand the Council's Pay Provisions.

RISKS AND ASSUMPTIONS

27. Under the requirements of the Localism Act the Council has to have a Pay Policy Statement that meets minimum required levels. It is proposed that Doncaster's policy statement for 2015/16 will contain the minimum requirements in relation to the employees to be covered which will ensure a standard framework is in place which will reduce the risk of inconsistency and potential legal challenge.

LEGAL IMPLICATIONS

28. Sections 38-43 Localism Act 2011 set out the requirements that a Local Authority must publish an annual pay policy statement setting out the Authority's policies relating to the remuneration of its chief officers, its lowest paid employees and the relationship between the remuneration of the Chief Officers and other employees. It is up to the Authority to define who its lowest paid employees are. It must also include (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.
29. Section 40 requires Authorities to have regard to the guidance for pay policy statements as published by central government.
30. The Authority's pay policy statement must be approved by a resolution of the Authority before it comes into force and the first statement must be prepared and approved before the end of 31 March 2015 and each year thereafter. Amendments may be made within each year by the passing of a resolution.
31. Once approved it must be published as the Authority sees fit and further pay determinations must be made in accordance with the policy.

FINANCIAL IMPLICATIONS

32. There are no direct financial implications as a result of the recommendation in this report. The report details the current pay arrangements which have been factored into the budget for 2015/16. All staff pay must be funded from the Council's resources and budgeted accordingly.

HUMAN RESOURCE IMPLICATIONS

33. There are no direct human resources implications as a result of the recommendations in this report, although all affected post holders have been consulted on the requirement for the information being published.

TECHNOLOGY IMPLICATIONS

34. There are no direct technology implications as a result of the recommendation in this report.

EQUALITY IMPLICATIONS

35. The Council has given due regard to equalities requirements in its pay provisions. It does comply with equalities legislation, particularly that relating to equal pay. The Council's commitment to eliminate low pay will also have a positive impact on low paid employees who are predominately female.

CONSULTATION

36. Consultation with appropriate Council officers on the format of the Pay Policy Statement has been undertaken. Consultation with trade union representatives will be completed prior to the Pay Policy Statement being considered by Council.

This report has significant implications in terms of the following:

Procurement		Crime & Disorder	
Human Resources	✓	Human Rights & Equalities	
Buildings, Land and Occupiers		Environment & Sustainability	
ICT		Capital Programme	

BACKGROUND PAPERS

CLG Draft Guidance: Openness and Accountability in Local Pay
CLG Code of Recommended Practice for Local Authorities on Data Transparency
Hutton Review of Fair Pay in the Public Sector
Localism Act 2011
Report to Council on 8th March 2012 Entitled Pay Policy Statement
Report to Council on 21st February 2103 entitled Pay Policy Statement
Report to Council 5th March 2014 entitled Pay Policy Statement

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