

**To the Chair and Members
of Council**

ANNUAL PAY POLICY STATEMENT 2016/17

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 between the highest and lowest paid employees. The ratio, known as the pay multiple, is how many times greater the highest salary is compared to the lowest salary. The current ratio between the highest employee salary (Chief Executive) and lowest employee salary (£15,917 grade 3 spot point) has reduced slightly from 9.84:1 last year to 9.36:1. This means the highest salary is now 9.36 times more than the lowest salary. The ratio between the highest employee salary and average staff salary has reduced from 6.78:1 to 6.64:1.
3. There has been a change in the ratio between the lowest paid and average salaries which has again reduced from 1.45:1 last year to a ratio of 1.41:1. This is a decrease in the differential between lowest paid and average salaries of 2.76% and is in line with the Council's commitment to address low pay.
4. 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.
5. There is a potential 1% pay award to be implemented from 1st April 2016. A collective agreement has also been reached with the Trade Unions relating to changes to the Council's pay structure under revised Terms and Conditions. These will also take effect from the 1st April 2016.
6. The overall number of Chief Officer posts has reduced further this year by 1 from 20 to 19.

EXEMPT REPORT

7. Not applicable.

RECOMMENDATIONS

8. It is recommended that members note the contents of this report and approve the Pay Policy Statement for 2016/17.

WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER?

9. 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

10. 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.
11. 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.
12. 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.
13. 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.
14. 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.
15. 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 over the last two years and has been used again for this year.

PROPOSED PAY POLICY STATEMENT

16. The Pay Policy Statement (see attached) is required to be produced annually and considered by Full Council. It is not possible to delegate responsibility for the Policy to another committee.
17. It is proposed that the same format is used for the publication of the Pay Policy Statement this year.
18. 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.
19. 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.
20. The current and previous salary structure for Heads of Service and Chief Officers is as follows:

Grade and Posts	Spinal Column Point	Salary 2015/16	Salary 2016/17 <small>*assuming 1% pay award</small>	Difference
SMG	1	£54,198	£54,740	Increase
(Heads of Service)*	2	£56,180	£56,742	Increase
	3	£58,163	£58,745	Increase
	4	£60,807	£61,415	Increase
	5**	£63,451	£63,451	Same
CO3	1	£83,599	£84,435	Increase
(Assistant Directors)	2	£87,518	£88,393	Increase
	3**	£91,437	£91,437	Same
CO1	4	£112,695	£113,822	Increase
(Directors)	5	£116,537	£117,702	Increase
	6**	£120,379	£120,379	Same
CE1	7	£147,500	£148,975	Increase
(Chief Executive)	8	£154,750	£156,298	Increase
	9**	£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.

**Note that the under the agreed revised Terms and Conditions effective 1st April 2016, the top spinal column point on each grade will be deleted. All employees on a deleted post will move to the point below but continue to have their pay maintained at the current level until the point below catches up.

21. The anticipated pay award from 1st April 2016 is 1%. In addition the overall number of Chief Officer posts has reduced further by 1 from 20 to 19 posts. There were two Assistant Director posts within Public Health, both have been deleted and an Assistant Director post has been created to lead on Strategy and Performance.

22. The current ratio between the highest employee salary (Chief Executive) and lowest employee salary (£15,917 grade 3 spot point) has reduced slightly from 9.80:1 last year to 9.36:1. This means the highest salary is now 9.36 times more than the lowest salary. Benchmarking will be undertaken before the start of the financial year once all results are published, against a number of local authorities in the Yorkshire and Humber region. These results will be published on the Council's website.
23. The ratio between Doncaster's highest and average salaries is 6.64:1. The ratio between the highest salary and the median salary has been calculated at 7.7:1.
24. The ratio between Doncaster's lowest and average salaries has again reduced from 1.45 last year to 1 to 1.41 to 1. This is a decrease in the differential between lowest paid and average salaries of 2.76% and is in line with the Council's commitment to address low pay.

OPTIONS CONSIDERED

25. 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

26. 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 OUTCOMES

27.

	Outcomes	Implications
	Council services are modern and value for money.	Publication of a Pay Policy Statement will aid transparency and provide information that will enable local people to understand the Council's Pay Provisions.
	Working with our partners we will provide strong leadership and governance.	

RISKS AND ASSUMPTIONS

28. 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 2016/17 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

29. 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.
30. Section 40 requires Authorities to have regard to the guidance for pay policy statements as published by central government.
31. 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 2016 and each year thereafter. Amendments may be made within each year by the passing of a resolution.
32. 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

33. 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 2016/17. All staff pay must be funded from the Council's resources and budgeted accordingly.

HUMAN RESOURCE IMPLICATIONS

34. There are no direct human resource 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

35. There are no direct technology implications as a result of the recommendations in this report.

EQUALITY IMPLICATIONS

36. 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

37. 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 3rd March 2015 entitled Annual Pay Policy Statement
2015/16

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