

ITEM: 9

**REPORT TO: WEST OF ENGLAND COMBINED AUTHORITY
COMMITTEE**

DATE: 7th December 2017

REPORT TITLE: PAY POLICY STATEMENT

AUTHOR: Alex Holly – Interim Head of Human Resources

1. Purpose of Report

The report seeks the Committee's agreement to the Authority's Pay Policy Statement for 2017/18

2. Issues for Consideration

- 2.1 Under the provisions of the Localism Act 2011 [Section 38 (1), the Authority is required to and publish a pay policy statement.
- 2.2 Associated statutory guidance is set out in the Openness and Accountability in Local Pay: Guidance and Supplementary Guidance under section 40 of the Localism Act (February 2012 & 2013) together with Department for Communities and Local Government's Local Government Transparency Code 2015.
- 2.3 The statement should be reviewed at least annually and its approval cannot be delegated to any executive or committee function.
- 2.4 It is anticipated that the statement will be agreed by 31 March preceding the year to which it applies. As the Order establishing West of England Combined Authority did not come into force until 9 February 2017, this was not possible for 2017-18 and an Interim Pay Policy was agreed by the Committee on 15th September to facilitate the progression of senior appointments.
- 2.5 The attached pay policy statement is presented as recognising that the current workforce transferred to the new employer on existing terms and conditions of service under the provisions of TUPE. Work is now underway on implementing the organisational structures and associated terms and conditions of employment that the Combined Authority will need in staffing terms to deliver its objectives and priorities.
- 2.6 The attached draft is intended to give sufficient flexibility to develop the pay structures necessary to attract and retain staff with the necessary skills and expertise whilst establishing general principles in respect of future pay strategy.

3. Consultation:

- 3.1 Recognised trade unions are being engaged on the development of general terms and conditions of employment for Authority employees including the pay and grading process set out the pay policy statement.

4. Other Options Considered:

4.1 The Authority is required to prepare a pay policy statement. Further development of general terms and conditions of employment will consider options available in terms of the appropriate HR policies.

5. Risk Management/Assessment:

5.1 There is a statutory requirement to produce a pay policy statement. The attached document addresses this obligation.

6. Public Sector Equality Duties:

6.1 The public sector equality duty created under the Equality Act 2010 means that public authorities must have due regard to the need to:

- Eliminate unlawful discrimination, harassment and victimization and other conduct prohibited by the Act.
- Advance equality of opportunity between people who share a protected characteristic and those who do not.
- Foster good relations between people who share a protected characteristic and those who do not.

6.2 The Act explains that having due regard for advancing equality involves:

- Removing or minimizing disadvantages suffered by people due to their protected characteristics.
- Taking steps to meet the needs of people from protected groups where these are different from the needs of other people.
- Encouraging people from protected groups to participate in public life or in other activities where their participation is disproportionately low.

6.3 The general equality duty therefore requires organisations to consider how they could positively contribute to the advancement of equality and good relations. It requires equality considerations to be reflected in the design of policies and the delivery of services, including policies, and for these issues to be kept under review.

6.4 The present draft has been prepared considering the Authority's general obligations as an employer under the Equality Act 2010 as well as the more specific public sector equality duty. Further work in developing HR policy will be similarly mindful of these requirements

7 Finance Implications:

None arising directly from this report.

8 Legal Implications:

These are addressed in the report where relevant.

9 Human Resources Implications:

The report deals exclusively with HR/employment matters.

10. Recommendation:

That:

The Committee approve the pay policy statement.

West of England Combined Authority Contact:

Email: info@westofengland-ca.gov.uk

Telephone: 0117 42 6210

Appendices & Background Papers:

Appendix 1: Draft Pay Policy Statement 2017-18

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Pay Policy Statement 2017 -18

Introduction

The West of England Combined Authority is made up of three of the local authorities in the region – Bath & North East Somerset, Bristol and South Gloucestershire.

Working with our partners including the West of England Local Enterprise Partnership, North Somerset Council and other local service providers, our aim is to deliver economic growth for the region and address challenges including productivity and skills, housing and transport.

1. Purpose and scope

- 1.1 The purpose of the statement is to provide a clear and transparent policy to the public, which demonstrates accountability and value for money.
- 1.2 The policy statement will meet the Authority's obligations under the Localism Act 2011 [Section 38 (1)] and the associated statutory guidance set out in the Openness and Accountability in Local Pay: Guidance and Supplementary Guidance under section 40 of the Localism Act (February 2012 & 2013) together with the Local Government Transparency Code 2015 (February 2015) from the Department for Communities and Local Government.
- 1.3 It will articulate the Authority's policies towards a range of issues relating to the pay (including severance pay) of its direct workforce its Chief Officers, as defined by the Local Government and Housing Act 1989 and all other employees (in accordance with provisions in the Localism Act). The policy will be reviewed, at least annually, to reflect any statutory changes (particularly in relation to public sector severance payments), anticipated in the coming year.
- 1.4 The Authority's pay arrangements will reflect the need to recruit, retain and motivate skilled employees to ensure high levels of performance balanced with accountability on the public purse. The policy will be underpinned by principles of fairness and equality and will need to recognise the flexibility which is essential in delivering a range of services.
- 1.5 The statement will be reviewed annually in advance of the financial year to which it relates. It's approval and any subsequent amendments will be considered at a meeting of the Combined Authority. The statement will be published on the Authority's public website

2. Definitions

For the purposes of this Pay Policy Statement the following definitions apply:

- 2.1 **'Pay'** in addition to base salary includes charges, fees, allowances, benefits in kind, increases in/enhancement to pension entitlements and termination payments where applicable.

'Chief Officers' refers to the Chief Executive, as 'Head of Paid Service' and posts reporting to that postholder, excluding administrative support functions

'Lowest paid employee' refers to those employees in substantive full-time employment at the lowest scale point of the Authority's pay scale

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3. General principles & practice

- 3.1 The West of England Combined Authority's employment practice will be governed generally by the relevant national and European legislation and, where relevant, specific local government legislation and regulation.
- 3.2 **Principles:** The Authority values all its employees and aims to apply a consistent and fair approach to pay and benefits, in line with the following principles:
- ✓ To work within financial constraints using those limited funds in the most effective way to support the Authority in the provision of quality cost effective services.
 - ✓ To take account of affordability in the introduction and maintenance of any changes to pay structure.
 - ✓ To support a flexible approach to the acceptance of changes to tasks, duties and responsibilities by employees and allow for flexibility between posts.
 - ✓ To be mindful of the market in making decisions about pay and benefits enabling the Authority to attract and retain its employees and to respond to situations where market forces dictate the necessity to apply supplements to established salaries.
 - ✓ To actively work towards reducing any unjustified gender pay gaps and promote an equal pay agenda ensuring that transparent and accessible pay and job evaluation systems, processes and systems meet legislative requirements.
 - ✓ To be clear about the recognition and reward of performance, whether at whole organisation, service, team or individual level.
 - ✓ To manage pay and benefits processes appropriate to service delivery in a fair and consistent way, and in line with a commitment to remaining within the framework of the relevant national pay and conditions agreements.
 - ✓ To aim to retain a core set of benefits for all employees.
- 3.3 **Practice:** Basic pay will be determined through:
- The job role and its accountability in the overall context of the Authority's services and responsibilities using a job evaluation process based on objective criteria and free from discriminatory bias.
 - Ensuring that all employees are dealt with on this basis with no distinction being made for senior management appointments, including Chief Officers, their Deputies and staff generally.
 - The terms of the relevant national agreements on pay and conditions of service.
 - The amount available for the pay review process is also impacted by what the Authorities which are party to the national agreements can collectively afford.
 - A comprehensive pay and grading structure will be adopted that must be affordable and offer recruitment and retention incentive.
 - The outcome of reviews into the local pay and grading structures are determined within the terms of this policy and the Authority's governance arrangements.
- Note: The pay rate for apprentices, interns and trainees, will reflect the degree of training and development required in the roles.*
- 3.4 **Equal pay:** The Authority is committed to the principle of equal pay for all posts of the same size and value. To put its commitment to equal pay into practice, it will:
- Regularly review its pay grade and rates for all current staff and starting pay for new staff in line with Equality and Human Rights Commission guidance to ensure a robust and consistent approach.
 - Inform employees of how these practices work and how their own pay is arrived at.
 - provides training and guidance for managers and supervisory staff involved in decisions about pay and benefits.
 - Regularly monitor pay and grading data and statistics and will publish pay equality data as statutorily required

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4. Senior pay

4.1 The remuneration of the Chief Executive and other senior management appointments in the Authority is undertaken by external analysts using the Hay Job Evaluation process. Levels of pay have been market-related by being compared to a national data base maintained by the Hay Group of similar posts in a wide range of public and not for profit sector organisations and recognising regional influences. The pay structure for Chief Officers takes account of clearly defined 'statutory responsibilities'. Four pay bands will be available for the most senior officers, as set out below:

BAND	MIN/MID/ MAX POINTS	Composition, Terms & Conditions
CHIEF EXECUTIVE/ HEAD OF PAID SERVICE & other senior management appointments*		
Band 1	Fixed/Spot	<ul style="list-style-type: none"> - A fixed salary within the range £135,000 to £155,000 pa taking account of current public sector market median data provided by the independent analysts with recognition of regional influences and the Authority's general starting salary policy. - No variable element within the remuneration package e.g. bonuses, charges, fees or allowances, benefits in kind - Salary subject to annual review to take account of factors such as performance, capability, JNC national pay settlements. - Other conditions of service are those determined nationally by the JNC specifically for these appointments or, as locally determined for all other staff.
Band 2	Fixed/Spot	<ul style="list-style-type: none"> - A fixed salary within the range £110,000 to £125,000 pa taking account of current public sector market median data provided by the independent analysts with recognition of regional influences and the Authority's general starting salary policy. - No variable element within the remuneration package e.g. bonuses, charges, fees or allowances, benefits in kind - Salary subject to annual review to take account of factors such as performance, capability, JNC national pay settlements. - Other conditions of service are those determined nationally by the JNC specifically for these appointments or, as locally determined for all other staff.
Band 3	Fixed/Spot	<ul style="list-style-type: none"> - A fixed salary within the range £90,000 to £99,000 pa taking account of current public sector market median data provided by the independent analysts with recognition of regional influences and the Authority's general starting salary policy. - No variable element within the remuneration package e.g. bonuses, charges, fees or allowances, benefits in kind - Salary subject to annual review to take account of factors such as performance, capability, JNC national pay settlements. - Other conditions of service are those determined nationally by the JNC specifically for these appointments or, as locally determined for all other staff.
Band 4	Fixed/Spot	<ul style="list-style-type: none"> - A fixed salary within the range £80,000 to £90,000 pa taking account of current public sector market median data provided by the independent analysts with recognition of regional influences and the Authority's general starting salary policy. - No variable element within the remuneration package e.g. bonuses, charges, fees or allowances, benefits in kind - Salary subject to annual review to take account of factors such as performance, capability, JNC national pay settlements. - Other conditions of service are those determined nationally by the JNC specifically for these appointments or, as locally determined for all other staff

**In accordance with decisions of the Employment & Appointments Committee: 24 May 2017*

4.2 The Authority has adopted a pay range to allow flexibility in candidate attraction. Individual appointments will be made on a 'fixed or spot salary'. Pay increments with time served progression are not appropriate. Placement within the range will reflect factors such as capability, experience, previous salary history, and marketability.

4.3 Senior staff will not be differentiated from other members of staff in terms of remuneration on resignation or termination. The Authority's general arrangements for severance and scheme for discretionary payments will be developed and adopted prior to publication of the next annual statement.

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- 4.4 If proposed severance packages are likely to exceed £99,999 (this threshold includes [but is not limited to] any proposals in respect of salary to be paid in lieu, redundancy compensation, pension entitlements and holiday pay as appropriate) will be considered in accordance with agreed Authority governance arrangements. This provision will be reviewed to comply with any legislative changes made during the year.
- 4.5 The Authority's threshold level for disclosure of senior staff salaries will be at the minimum point of the senior civil service pay scale and above as at 31 March of any given year to which this policy applies.

5. Pay of the lowest-paid employees

- 5.1 The Authority has resolved that no employee will be paid less than the UK Living Wage, which is set by the Living Wage Foundation. The Authority has adopted this definition because it has decided that none of its employees should be paid less than the UK Living Wage.
- 5.2 For 2017/18, the UK Living Wage is £8.45 per hour, which equates to a minimum salary of £16,303 (based on a full-time week of 37 hours).
- 5.3 For 2018/19, the UK Living Wage will rise to £8.75 per hour, which equates to a minimum salary of £16,882 (based on a full-time week of 37 hours).
- 5.4 Apprentices and interns are normally exempt from the provisions of the Living Wage.

6. Relationship between senior pay and the 'lowest paid Authority employee'

- 6.1 As a newly established employer, the Combined Authority is developing the organisational and pay structures to best meet its service delivery needs.
- 6.2 Given the maximum salary for the Chief Executive Officer is £155,000 and the lowest paid member of staff will never receive less than the Living Wage as defined by the Living Wage Foundation (£16303 per annum pro rata), the maximum possible pay ratio from the highest to the lowest-paid employee would be 9.5 to 1 based on a 37 hour working week.
- 6.3 The lowest-paid current employee at the Authority receives a salary of greater than the Living Wage, such that the actual ratio of highest to lowest-paid employee is in fact less than the theoretical maximum stated in 6.2 above.

7. Pay Bands

- 7.1 The Authority will adopt the job-evaluated pay structure used by Bath and North East Somerset Council for all staff below Chief Officer level. While it may be necessary in the future for the Authority to develop its own pay and grading scheme, this position takes account of the fact that the majority of current Authority staff are on Bath and North East Somerset Council terms and conditions, as well as the fact that there is a clear job evaluation scheme in place which has been fully approved by the Unions and is in line with Joint National Council (JNC) provisions.

8. Pensions

- 8.1 Subject to the provisions of the relevant scheme, all directly employed staff will be enrolled into the Local Government Pension Scheme, a statutory contributory scheme. They may choose to opt out of membership. In accordance with the statutory requirement, the Authority will determine its policy in respect of discretionary provisions available within the scheme prior to publication of its next annual statement.

8.2 The Authority will develop a policy for flexible retirement which is specifically authorised by statute whereby individual staff, with employer approval, may draw their pension and continue in employment at a lower pay grade/ working shorter hours.

9. Use of consultants, contractors and temporary 'agency' staff.

9.1 Ordinarily staff will be engaged directly by the Authority as employees but on an exceptional basis, if circumstances deem it necessary, people may be engaged under 'contracts for services' as consultants or contractors or on an 'agency basis'. When this situation arises, the Authority will give detailed prior consideration to the benefit of doing so and that the overriding need to ensure value for money is achieved. Such arrangements must be in accordance with the Authority's Codes of Practice and Financial Regulations.

10. Publication

10.1 The Authority's approach to the publication of and access to information on the remuneration of Chief Officers is to include it on its public website as part of its requirements within the Accounts and Audit (England) Regulations 2011 and in accordance with the Code of Recommended Practice for Local Authorities on Data Transparency. A copy of the Pay Policy Statement will be published on the Authority's website.

Further information

For further information on the pay policy please contact the Authority as follows:

Email: info@westofengland-ca.gov.uk

Telephone: 0117 428 6210