

## TRAFFORD COUNCIL

**Report to:** Council  
**Date:** 20<sup>th</sup> March 2019  
**Report for:** Approval  
**Report of:** Sara Saleh, Corporate Director of People

### Report Title

**Trafford Council's Pay Policy Statement for 2019/20**

### Summary

**This paper provides Council with information relating to Trafford's pay policy for 2019/20 in line with the requirements for the Localism Act 2011.**

### Recommendations

**To note and approve the 2019/20 Pay Policy statement as set out in the attached report further to approval at Employment Committee on 11<sup>th</sup> March 2019.**

### Contact person for access to background papers and further information:

**Name:** Kate Sturman  
**Extension:** 2148

### Background Papers:

The Code of Recommended Practice for Local Authorities on Data Transparency - Department for Communities and Local Government.

Openness and accountability in local pay: Guidance under section 40 of the Localism Act 2011 – Department for Communities and Local Government.

Local Government Transparency Code 2015.

Relationship to Policy Framework/Corporate Priorities	The information provided within the report aligns with the Council's corporate priority of 'Low Council Tax and Value for Money'
Financial	The report information ensures that we comply with financial regulations in respect of data transparency and accounts and audit regulations.
Legal Implications:	Compliance with all relevant employment legislation is a critical and a key component of this strategy to ensure that our legal governance structure is robust and can defend employment claims should the need arise.
Equality/Diversity Implications	The pay policy will ensure that we remunerate our employees fairly and with due respect to all equality policies and strategies.
Sustainability Implications	Not applicable
Staffing/E-Government/Asset Management Implications	Not applicable
Risk Management Implications	Not applicable
Health & Wellbeing Implications	Not applicable
Health and Safety Implications	Not applicable

## 1. Background

The Pay Policy Statement sets out the Council's approach to pay policy in accordance with the requirements of Section 38 of the Localism Act 2011.

The requirements of the Localism Act in respect of transparency about senior pay builds on the Accounts and Audit Regulations 2015 with which the Council is also compliant; published details of the Council's remuneration of its Chief Executive and Corporate Directors can be found on the Council's public website.

The Pay Policy Statement articulates the Council's own policies towards a range of issues relating to the pay of its workforce, in particular its senior staff (Chief Officers, as defined by the Local Government and Housing Act 1989) and to its lowest paid employees. The purpose of the Pay Policy Statement is to increase accountability in relation to pay.

As specified in the Act, this requirement does not extend to schools and this Statement does not therefore include school based employees.

The statement also incorporates the Council's Gender Pay Gap information as the Council is now required to publish this on an annual basis under the GPG reporting requirements.

In summary, the Pay Policy Statement identifies:

- ❖ The method by which salaries and severance payment are determined;
- ❖ The detail and level of remuneration of the Council's most senior managers i.e. Chief Executive, Corporate Leadership Team, Service Directors;
- ❖ The committee responsible for ensuring that the Pay Policy Statement is applied consistently, the Employment Committee, which has delegated powers in relation to senior manager employment;
- ❖ The detail and level of remuneration for the lowest level of post/employee;
- ❖ The ratio of pay of the top earner and that of the median earner.
- ❖ The Council's Gender Pay Gap

## **2. Recommendation**

Council is recommended to note and approve the 2019/20 Pay Policy statement as set out in the attached report.

**TRAFFORD PAY POLICY STATEMENT 2019/20**

**1. Introduction**

1.1 The purpose of the Pay Policy Statement is to ensure transparency and accountability with regard to the Council's approach to setting pay.

1.2 The Pay Policy Statement has been approved by Council and is publicised on the Council's website in accordance with the requirements of the Localism Act 2011.

1.3 The Pay Policy Statement identifies:

- The methods by which salaries of all employees are determined;
- The detail and level of remuneration of its most senior staff i.e. Head of Paid Service, 'Chief Officers', the Monitoring Officer, and Deputy Chief Officers as defined by the relevant legislation;
- The remuneration of its lowest paid employees;
- The relationship between the remuneration levels of the most senior employees and that of other employees;
- The Committee responsible for ensuring the provisions set out in this statement are applied consistently throughout the Council and making recommendations on any amendments to Full Council.

1.3 Once approved by Full Council, this policy statement will come into immediate effect and will be subject to review as a minimum on an annual basis.

**2. Legislation Relevant to Pay and Remuneration**

2.1. In determining the pay and remuneration of all of its employees, the Council will comply with all relevant employment legislation. This includes legislation such as the National Minimum Wage (Amendment) Regulations 2018, Equality Act 2010, Part Time Employment (Prevention of Less Favourable Treatment) Regulations 2000 and where relevant, the Transfer of Undertakings (Protection of Earnings) Regulations.

2.2 The Council ensures there is no discrimination within its pay structures and that all pay differentials can be objectively justified through the use of NJC and Hay job evaluation mechanisms, which directly establish the relative levels of posts in grades according to the requirements, demands and responsibilities of the role.

**3. Accountability and Decision Making**

3.1 In accordance with the Constitution of the Council, the Employment Committee is responsible for decision making in relation to the recruitment, pay,

terms and conditions and severance arrangements in relation to employees of the Council.

3.2 Decisions relating to salary packages for new posts above £100k are subject to full Council approval. In addition, any severance arrangements agreed in line with the relevant policies that exceed £100k are subject to full Council approval.

#### **4. Pay Structure**

4.1 The Council's pay strategy must be one of balance between securing and retaining high-quality employees whilst maintaining pay equality and avoiding excessive pay rates.

4.2 The Council uses the nationally negotiated pay spine(s) (i.e. a defined list of salary points) as the basis for its local pay structure, which determines the salaries of the large majority of its (non-teaching) workforce together with the use of locally determined rates where these do not apply.

4.3 All other pay-related allowances are the subject of either nationally or locally negotiated rates, having been determined from time to time further to collective bargaining.

4.4 In determining its grading structure and setting remuneration levels for any posts, which fall outside its scope, the Council takes account of the need to ensure value for money in respect of the use of public expenditure. However this has to be balanced against the need to recruit and retain employees who are able to provide high quality services to the community, delivered effectively and efficiently and at times at which those services are required.

4.5 New appointments will normally be made at the minimum of the relevant pay scale for the grade, although from time to time it may be necessary to take account of the external pay levels in the labour market in order to attract and retain employees with particular experience, skills and capacity. Where necessary, the Council will ensure the requirement for such is objectively justified by reference to clear and transparent evidence of relevant market comparators, using data sources available from within the local government sector and outside, as appropriate.

4.6 To meet specific operational requirements, it may be necessary for an individual to temporarily take on extra duties, which are in addition to their normal role. The Council's arrangements for authorising any additional remuneration relating to temporary additional duties are set out in the Acting-up and Additional Responsibility Payments Policy.

4.7 Any temporary supplement to the salary scale for the grade is approved in accordance with the Council's Market Supplement Policy.

4.8 An organisational chart covering staff in the top three levels of the organisation provides information on the senior salary pay structure for the Council.

## **5. Senior Management Pay Arrangements**

5.1 For the purposes of this statement, senior management means 'Chief Officers' as defined within the Localism Act. The posts falling within the statutory definition are set out in the data published for the Local Government Transparency Code 2015 and the Accounts and Audit Regulations 2015.

5.2 The Chief Executive and Chief Officers receive minimal additions to salary. The Chief Executive receives Returning Officer fees for local and other elections as they arise from time to time. The Returning Officer fees for Local Elections have remained at the same level since 2012 and are published along with the fees for other elections, annually in the Council's annual Statement of Accounts.

5.3 The Chief Officer car allowance scheme was deleted as part of the 2014/15 budget proposals along with the general essential car user scheme which was replaced by a critical car user scheme. The Chief Executive and Chief Officers do not qualify for the scheme and so do not receive critical car user allowance.

5.4 The Council does not pay performance related pay to Senior Managers or any other employee group.

5.5 The Council does not pay bonuses to Senior Managers or any other employee group.

5.6 We will continue to consider how we can introduce more transparent performance arrangements at a senior management level. Salary progression within the range is linked to attainment of pre-determined objectives and targets as set out in the Performance Development Review process.

## **6. Recruitment of Chief Officers**

6.1 The Council's policy and procedures with regard to recruitment of Chief Officers is set out within the Council constitution Part 4 Officer Employment procedure rules.

6.2 When recruiting to all posts, the Council will take full and proper account of all provisions of relevant employment law and its own Equality, Recruitment and Redeployment Policies as approved by Council.

6.3 Decisions relating to the remuneration of any newly appointed Chief Officer will be in accordance with relevant job evaluation methodology, market factors and recruitment policies in place at the time. For new posts, with recommended salary packages in excess of £100k, approval of Full Council is required.

6.4 Where the Council is unable to recruit Chief Officer posts, or there is a need for interim support to provide cover for a substantive Chief Officer post, the Council will, where necessary, consider engaging individuals under a 'contract for service'. These will be sourced through a relevant procurement process ensuring the council is able to demonstrate the maximum value for money benefits, from competition, in securing the relevant service.

6.5 It should be noted that when these engagements are established, the Council is not required to make either pension or national insurance contributions for such individuals.

6.6 The Council has had 1 interim appointment in place at Chief Officer level throughout 2018/19 to lead on the Property and Investment strategy supporting the regeneration priorities of Trafford. This has required specialist expertise not readily available in the current market.

## **7. Pension Contributions**

7.1 Where employees have exercised their statutory right to become members of the Local Government Pension Scheme, the Council is required to make a contribution to the scheme representing a percentage of the pensionable remuneration due under the contract of employment of that employee.

7.2 The rate of contribution is set by Actuaries advising the Greater Manchester Pension Fund and reviewed on a triennial basis in order to ensure the scheme is appropriately funded. The current rate is set at 20.4%

## **8. Payments on Termination**

8.1 The Council's approach to statutory and discretionary payments on termination of employment of Chief Officers, prior to reaching normal retirement age, is set out within its policy statement in accordance with Regulations 5 and 6 of the Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations 2006 [and if appropriate] Regulation 12 of the Local Government Pension Scheme (Benefits, Membership and Contribution) Regulations 2007.

8.2 The proposed 'Public Sector Exit Payments (Limitation) Bill 2017-19 has been delayed and timescales for likely implementation are unclear. The bill proposes to cap public sector exit payments and to enforce the repayment of public sector payments in certain circumstances where an individual returns to the public sector. The cap for exit payments is currently proposed at £95,000 on the total value of exit payments made and applies to all types of arrangements and forms of exit payment such as redundancy payments, compensatory payments and lump sums awarded under a settlement agreement or a COT3, for example. The recovery of exit payments is suggested as being for those who earn £80,000 or more who return to the public sector within 12 months. There would be a requirement to repay a proportion of exit payments.

8.3 The Council will fully comply with changes to legislation in relation to remuneration and exit payment requirements should legislation change.

8.4 Any current payments falling outside of these provisions or the relevant periods of notice within the contract of employment shall be subject to a formal decision made by the Employment Committee. Payments on termination in relation to the policy set out above that exceed £100k are subject to approval of Full Council.

## **9. Re-employment / Re-engagement of former Chief Officers**

9.1 The Organisational Change Framework sets out the arrangements and restrictions by which Chief Officers are re-employed or re-engaged on a contract for services following termination of employment.

9.2 The repayment of public sector exit payments as per 8.2 once confirmed will determine our revised approach to the re-engagement of Chief Officers.

## **10. Lowest Paid Employees**

10.1 The lowest paid employees employed under a contract of employment with the Council are employed on full time [36.25 hours] equivalent salaries in accordance with the minimum spinal column point (scp) currently in use within the Council's grading structure.

10.2 As at 1<sup>st</sup> April 2019, the lowest entry level spinal column point is equivalent to £17,364 per annum. This is an hourly rate of £9.19.

10.3 We track the current national and local initiatives regarding low paid staff, benchmarking with our regional counterparts to ensure pay parity. The Real Living Wage, is a minimum hourly rate based on the real cost of living and is currently at £9.00 and will rise again in November 2019. The Council's minimum hourly rate will rise above the Real Living Wage from April 2019.

10.4 The Council employs Apprentices who receive the National Living Wage, which is based on age.

### **National Living Wage rates 2019**

<b>Age</b>	25 plus	21 to 24	18 to 20	Under 18	Apprentice (under 19 or in first year)
<b>Hourly rate</b>	£8.21	£7.70	£6.15	£4.35	£3.90

## **11. Pay Ratio**

11.1 The following information is provided to assist with understanding the ratio calculation;



The Chief Executive Salary level used for comparative purposes is £165,000

- The lowest paid Council job has a maximum salary level of £15,016
- The Median (middle) of the salary range is £23,111

11.2 The ratio of pay of the top earner i.e. Chief Executive and that of the median earner is 1 to 7.14 and is within the 1:20 ratio recommended by the Hutton Review. In other words for every £1 earned by the median earner the Chief Executive earns £7.14.

11.3 The ratio between the lowest paid employee and average Chief Officer is 1:6.23 so for every £1 earned for the lowest paid member of staff the Chief Officer earns £6.23.

11.4 As part of its overall and ongoing monitoring of alignment with external pay markets, both within and outside the sector, the Council will use available benchmarking information as appropriate. In addition, upon the annual review of this statement, it will also monitor any changes in the relevant 'pay multiples' and benchmark against other comparable Local Authorities.

## **12. Gender Pay Gap**

12.1 2018 is the second year of statutory Gender Pay Gap (GPG) reporting for the public sector. Public Authorities including government departments, the armed forces, local authorities and NHS bodies and most schools with 250 employees or more, must publish and report specific figures about their gender pay gap.

12.2 The information which must be published is the mean gender pay gap in hourly pay, the median gender pay gap in hourly pay, the mean bonus gender pay gap, the median bonus gender pay gap: promotion of males and females receiving a bonus payment and the proportion of males and females in each pay quartile.

A point to note is that Trafford Council does not have any pay bonus schemes and so we do not report on this aspect.

12.3 The figures are based on pay received in March 2018, and the Council will publish on the National Gender Pay Gap Reporting website before the deadline of 30<sup>th</sup> March 2019.

12.4 Trafford Council's overall mean pay gap is 10.9% and the median is 17.6%, both in favour of male employees. There are a number of influencing factors which are as follows.

- Our GPG is significantly affected by the gender composition of our workforce which is 75% female and 25% male.
- We employ a lot of part time roles in Trafford (around 50% of posts) which attract females and evidence shows that part-time roles pay less than full time roles.

When part-time roles are looked at the gender pay gap is only 0.18% (mean) and the median gap is positive for women at -5.99%. For full-time employees the gender pay gap is 2.58% (mean) and 5.61% (median).

- We have some large in house services with lower paid bands which traditionally attract females – catering, cleaning, passenger assistants, care assistants and support workers; If we remove these groups the gap reduces to 2.44% (mean) and 6.95% (median);
- We have an ageing workforce and evidence shows that the gender pay gap widens above age 40;
- Some services such as highways and street cleaning services that predominantly attract male workers have been transferred out to a Contractor; this will have affected our GPG as associated posts tended to be on the lower pay bands;
- When we break this down into workforce quartiles, the gap significantly reduces or becomes negative. When looking at the mean gender pay gap, women in the top quartile of earners and women in the bottom quartile of earners in the organisation actually have a higher average hourly rate than men in the corresponding quartiles.

12.5 This is a very marginal increase on the figures for 2017, as published in March 2018 when the mean pay gap was 10.7% and the median pay gap was 17.0%.

12.6 Further to the implementation of Gender Pay Gap reporting, the Department for Business, Energy & Industrial Strategy has recently closed consultation on ethnicity pay reporting (11<sup>th</sup> January 2019). We are starting to consider what steps the Council might need to take in preparation.

### **13. Equality and Inclusion**

13.1 Chief Officers are responsible for ensuring that they operate within the Council's Equality & Diversity Policy to provide equality of opportunity for all employees.

13.2 The Council is committed to ensuring that no-one is discriminated against, disadvantaged or given preference, through membership of any particular group, particularly based on age; disability; gender reassignment; race, religion or belief; sex; sexual orientation; marriage and civil partnership and pregnancy and maternity. This policy will be applied equally to all employees irrespective of their background or membership of a particular group.

13.3 In addition, in line with the Trade Union and Labour Relations (Consolidation) Act 1992 (TULCRA) Part 3, the Council is committed to ensure that employees are not disadvantaged or discriminated against by virtue of their trade union membership in the application of this policy.

13.4 The Council will regularly review this policy's impact on any equality and diversity issues, and will identify any inequalities by monitoring and will take appropriate action where necessary.

## **14. Trade Unions**

14.1 The Council recognises two trade unions – UNISON and GMB, for collective bargaining purposes and there are currently two full time equivalent UNISON officials in employment.

## **15. Publication**

15.1 Upon approval by the Full Council, this statement will be published on the Council's Website.