

TRAFFORD COUNCIL

Report to: Employment Committee
Date: 2nd March 2020
Report for: Approval
Report of: Sara Saleh, Corporate Director of People

Report Title

Trafford Council's Pay Policy Statement 2020/21

Summary

This paper provides Council with information relating to Trafford's pay policy for 2020/21 in line with the requirements for the Localism Act 2011.

Recommendations

To note and approve the 2020/21 Pay Policy statement as set out in the attached report and recommend any amendments for approval at full Council on 18th March 2020.

Contact person for access to background papers and further information:

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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 Priorities in respect to 'Thriving places'.
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.

2. Recommendation

Employment Committee is recommended to note and approve the 2020/21 Pay Policy statement as detailed below and recommend any amendments for approval at full Council on 18th March 2020.

TRAFFORD PAY POLICY STATEMENT 2020/21

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. Scope

- 2.1 The Council's Pay Policy Statement relates to employees of Trafford Council whose remuneration, including rate of pay and terms and conditions are determined by and within the control of the authority. It does not apply to the following.
- All employees working in schools.
 - Employees on secondment where their rates of pay or terms and conditions are not set by the authority.
 - Individuals employed by a third party contracted to work for the authority, i.e. agency workers.
 - Individuals employed through the authority on behalf of a third party where their rates of pay or terms and conditions are not set by the authority.
 - Volunteers or work experience placements.

3. Legislation Relevant to Pay and Remuneration

- 3.1. 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.
- 3.2 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.

4. Accountability and Decision Making

- 4.1 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.
- 4.2 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.

5. Context

- 5.1 Trafford Council serves local residents, with bold ambitions, re-thinking the traditional problems faced by local authorities to respond positively to the challenges faced. The Council serves a population of 234,673 (ONS population estimates 2016). The Council's Corporate Plan for 2018 to 2022 details the vision and outlines 7 corporate priorities which are key to the delivery of that vision.
- 5.2 As at January 2020 the Council had an employee headcount of 2471, covering 2552 posts across our 6 directorates. With 52% of posts being part-time and 48% of posts being full-time, the full time equivalent (FTE) employee figure is was 1937.

6. Pay Structure

- 6.1 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.
- 6.2 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.

- 6.3 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.
- 6.4. 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.
- 6.5 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.
- 6.6 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.
- 6.7 Any temporary supplement to the salary scale for the grade is approved in accordance with the Council's Market Supplement Policy.

7. Senior Management Pay Arrangements

- 7.1 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. Within the Council Chief Officers are those on grades SM2 and SM3.
- 7.2 The Chief Executive and Chief Officers receive minimal additions to salary. The Chief Executive and Chief Officers who act as Returning Officer and Deputy Returning Officers receive fees for local and other elections as they arise from time to time. The level of these fees depends on the type of election. These are published annually in the Council's annual Statement of Accounts.

- 7.3 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.
- 7.4 The Council does not pay performance related pay to Senior Managers or any other employee group.
- 7.5 The Council does not pay bonuses to Senior Managers or any other employee group.
- 7.6 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 appraisal process.
- 7.7 An organisation chart covering staff in the top three levels of the organisation provides information on the senior salary pay structure for the Council. This is produced in line with the requirements of the Transparency Code 2015.

8. Recruitment of Chief Officers

- 8.1 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.
- 8.2 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.
- 8.3 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.
- 8.4 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.
- 8.5 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.

8.6 The Council has had 2 interim appointments in place at Chief Officer level throughout 2019/20. One was to cover the statutory role of Director of Children's Services (DCS) – this role has now been appointed to on a permanent basis. The other has been to cover the Director of Development post which is critical to the Council's financial plan and investment strategy. The current resourcing position is being reviewed and a permanent solution is being progressed.

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 once confirmed will determine our revised approach to the re-engagement of Chief Officers.

10. Pension Contributions

10.1 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.

10.2 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%.

11. Payments on Termination

11.1 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.

11.2 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.

11.3 The proposed 'Public Sector Exit Payments (Limitation) Bill 2017-19 has been delayed and timescales for likely implementation are still unclear. Consultation was held between April and July 2019. 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 in the case of any exit where a severance payment is made by a public sector employer (excluding ill health). Payments include those made to the pension scheme in order for an unreduced pension to be paid.

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

12. Lowest Paid Employees

- 12.1 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.
- 12.2 At the time of writing this report, the NJC pay award for 2020/21 has yet to be agreed and so prior to the pay award being applied, as at 1st April 2020, the lowest entry level spinal column point is equivalent to £17,364 per annum. This is an hourly rate of £9.19.
- 12.3 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 £9.30 and will rise again in November 2020. After the Council's NJC pay award is applied and back-dated to 1st April 2020 it is anticipated that the minimum hourly rate will be above the Real Living Wage.
- 12.4 The Council employs Apprentices who receive the National Living Wage, which is based on age. The National Living Wage rates by age are detailed below.

National Living Wage rates 2020

Age	25 plus	21 to 24	18 to 20	Under 18	Apprentice (under 19 or in first year)
Hourly rate	£8.72	£8.20	£6.45	£4.55	£4.15

13. Pay Ratio

- 13.1 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 £17,323
- The Median (middle) of the salary range is £23,836

- 13.2 The ratio of pay of the top earner i.e. Chief Executive and that of the median earner is 1 to 6.92 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 £6.92.
- 13.3 The ratio between the lowest paid employee and average Chief Officer is 1:5.71 so for every £1 earned for the lowest paid member of staff the Chief Officer earns £5.71.
- 13.4 It is positive to see that the ratios have reduced as compared with last year, which is due to the fact that the pay award in April 2019 saw significant uplifts for staff on our lowest scale points.
- 13.5 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.

14. Equality and Inclusion

- 14.1 Chief Officers are responsible for ensuring that they operate within the Council's Equality & Diversity in Employment Policy to provide equality of opportunity for all employees.
- 14.2 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.
- 14.3 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.
- 14.4 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.

15. Gender Pay Gap

- 15.1 2019 is the third 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.

- 15.2 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: proportion 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.
- 15.3 The figures are based on pay received in March 2019, and the Council will publish on the National Gender Pay Gap Reporting website before the deadline of 30th March 2020.
- 15.4 Trafford Council's overall mean pay gap is 10.76% and the median is 20.58%, 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 76% female and 24% male.
 - We employ a lot of part time roles in Trafford (49% 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 positive for women as the mean is -1.89% and the median gap is -9.76%. For full-time employees the gender pay gap is 3.51% (mean) and 6.58% (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 5.48% (mean) and 9.98% (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.
- 15.5 This is a very marginal increase on the figures for 2018, as published in March 2019 when the mean pay gap was 10.87% and the median pay gap was 17.64%.

16. Trade Unions

- 16.1 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.

17. Publication

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