

**COUNCIL
25 MARCH 2021**

PAY POLICY STATEMENT 2021/2022

**Responsible Cabinet Member –
Councillor Charles Johnson, Resources Portfolio**

**Responsible Director –
Paul Wildsmith, Managing Director**

SUMMARY REPORT

Purpose of the Report

1. To present the Pay Policy Statement for the financial year 2021/2022 in line with the requirement of the Localism Act 2011 and Local Government Transparency Code 2014 and request members to approve it.

Summary

2. The Localism Act 2011 requires the Council to agree a written Pay Policy on an annual basis.
3. The Act requires the Council to publish specific information relating to the Council's highest and lowest paid employees.
4. The proposed Pay Policy for 2021/2022 is attached at **Appendix A** and meets the requirements of the Localism Act 2011 and associated guidance.

Recommendation

5. It is recommended that that Council agree and approve the proposed Pay Policy 2021/2022 (Appendix A). If approved, arrangements will be made to publish the Policy on the Council's intranet for public access.

Reasons

6. The recommendation is supported to enable the Council to comply with the requirements of the Localism Act 2011.

**Paul Wildsmith
Managing Director**

Background Papers

- (i) Localism Act 2011

- (ii) Openness and accountability in local pay: Guidance under section 40 of the Localism Act 2011 published by the Department for Communities and Local Government: February 2012
- (iii) Improving Local Government Transparency Consultation published by the Department for Communities and Local Government: October 2012
- (iv) Supplementary guidance to The Localism Act requirements (Openness and accountability in local pay: Guidance under Section 40 of the Localism Act 2011) dated February 2013 issued by Department of Communities and Local Government
- (v) Local Government Transparency Code 2014 dated October 2014 issued by Department of Communities and Local Government.
- (vi) Local Government Transparency Code 2015 dated February 2015 issued by Department of Communities and Local Government
- (vii) The Repayment of Public Sector Exit Payments 2015
- (viii) Public Sector Exit Payments Regulations 2016
- (ix) Equality Act 2010 (Gender Pay Gap Information) Regulations 2017
- (x) Restriction of Public Sector Exit Payments : Guidance on the 2020 Regulations issued February 2021

Elizabeth Davison extension 5830

S17 Crime and Disorder	The report does not contain any Crime and Disorder implications
Health and Wellbeing	This report has no implications for the Council's Health and Wellbeing agenda
Carbon Impact and Climate Change	There are no carbon impact implications in the report
Diversity	There are no diversity implications in this report
Wards Affected	No wards are affected
Groups Affected	No groups are affected
Budget and Policy Framework	This does not impact on the budget or policy framework
Key Decision	This is not a key decision
Urgent Decision	This is not an urgent decision
One Darlington: Perfectly Placed	This report has no particular implications for the Substantiable Community Strategy
Efficiency	There are no efficiency implications in this report
Impact on Looked After Children and Care Leavers	This report has no impact on Looked After Children or Care Leavers

MAIN REPORT

Information and Analysis

7. The Council is required to adhere to The Localism Act 2011 and the duty to agree a written Pay Policy on an annual basis.
8. The Pay Policy sets out the ratio of the highest paid employees against the workforce median earnings and principles associated with the payments and remuneration packages of Chief Officers both during and on termination of employment.
9. Any decisions relating to the pay and remuneration of Chief Officers must comply with the Pay Policy Statement in place at the time for that financial year and whilst the Statement can be amended in year as required, any changes must be subject to the approval of full Council. Failure to do so would be contrary to the Council's Statutory Duty under the Localism Act and would result in legal action being taken against the Council.
10. There have been no amendments to the Pay Policy since the publication in March 2020.
11. Supplementary guidance to The Localism Act - Local Government Transparency Code 2014 dated October 2014 issued by Department of Communities and Local Government sets out the requirements for calculating the pay multiple and further publication of senior salaries which the Council has implemented.

Pay Multiple

12. The Council's Pay Multiple is based on highest paid taxable earnings and median taxable earnings for the whole authority (excluding casuals, apprentices and community schools) is;

	Highest paid Employee based on taxable earnings	Workforce Median Taxable earnings	Median taxable earnings Pay Multiple
Taxable Earnings Pay Multiple 2019/2020 ¹	£12,917.25	£1939.58	6.66

¹ – Based on figures 31st December 2020 (December Pay Only)

13. The December 2020 multiple was 6.66, a reduction of 0.32 on the pay multiple reported in December 2019 (6.98). The whole year multiple for 2019/20, which is reported after 31st March 2020 was also 6.89.
14. This reduction is largely associated with the fact that between January 2020 and December 2020, there were more new employees earning over the median average (£1939.58) than under (61% v 39%). Also, during the same period more of the leavers earned under the median average (59% v 41%).
15. The Council aims to ensure that the pay multiple does not exceed 10. This is a Tees Valley wide agreement which was agreed in 2013.

16. The 2014 Code stipulates that the Pay Multiple will be calculated each year on a fixed date coinciding with reporting at the end of the financial year. Locally the Pay multiple is calculated each December for the approval of the Pay Policy by Council to allow publication and approval before 31 March each year. Arrangements will also be made to update the Pay Multiple with year-end figures in April which will be published on the Council's internet pages alongside other Transparency Code information requirements.

Senior Salaries

17. The Code requires that the Council publishes Senior Officers Salaries exceeding £50,000. There is also a requirement to publish the services, functions, the budget held, and the number of employees' senior officers are responsible for. This information is available on the internet with other Transparency requirements.

Revisions to the Pay Policy Statement

18. Revisions to the proposed Pay Policy Statement for 2020/2021, are summarised as follows:
 - (a) Update and insertion of the lowest minimum pay rate for Council staff (*Appendix A – paragraph 7a*)
 - (b) Removal of Director of Public Health on NHS Very Senior Managers salary following retirement of post holder (*Appendix A – paragraph 8*).
 - (c) Insertion of Head of Education on Soulbury Grade as part of Chief Officer structure (*Appendix A – paragraph 8*)
 - (d) Update and reference to National Living Wage rates (*Appendix A – paragraph 24*)

Points to Note

19. The Chief Officer and Chief Executive salary ranges are subject to a national pay award increase but at the time of writing these have not been agreed by the recognised National Trade Unions and Local Government Employers. When confirmation is available, references to the updated salary ranges will be updated in the Pay Policy – (*Appendix A – paragraph 8*).
20. Since last year's Pay Policy Statement being published, the 2019/20 Council report referred to the proposed Repayment of Public Sector Exit Payments Regulations (*yet to be implemented and no future date proposed*) and the Restriction of Public Sector Exit Payments Regulations 2020 which came into force on 4th November, 2020.
21. The Restriction of Public Sector Exit Payments Regulations 2020 set a £95,000 cap on exit payments for public sector authorities and offices. However, after an extensive review of the application of the Cap the Government have concluded that the Cap may have unintended consequences and the Regulations have been revoked with effect from 12th February, 2021. No employees were impacted by the implementation of the Cap from 4th November, 2020 to 12th February, 2021.

Financial Implications

22. There are no financial implications associated with the Pay Policy.

Legal Implications

23. It is a statutory requirement to calculate and publish a Pay Policy and associated ratio on an annual basis.

HR Implications

24. There are no HR implications associated with the publication of the Pay Policy. The only personally identified employee is the Head of Paid Service, Managing Director.

Equalities Considerations

25. There are no specific equality considerations associated with the Pay Policy that impact on protected characteristics as detailed in the Equality Act 2010.

Consultation

26. There is no formal requirement to consult the community, employees, trade unions or management to implement the revised Pay Policy.