

PAY POLICY STATEMENT 2019/2020

**Responsible Cabinet Member -
Councillor Stephen Harker, Leader and Efficiency and 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 2019/2020 in line with the requirements of the Localism Act 2011 and Local Government Transparency Code 2014 and request members 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 2019/20 is attached at **Appendix A** and meets the requirements of the Localism Act 2011 and associated guidance.

Recommendation

5. It is recommended that Council agree and approve the proposed Pay Policy 2019/20 (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

No background papers were used in the preparation of this report

- (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.

Elizabeth Davison (extension 5830)

S17 Crime and Disorder	The report does not contain any Crime and Disorder implications
Health and Well Being	This report has no implications for the Council's Health and Well Being agenda
Carbon Impact	There are no carbon impact implications in this report
Diversity	There are no diversity implications in this report
Wards Affected	No wards affected
Groups Affected	No groups 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 Sustainable Community Strategy
Efficiency	There are no efficiency implications in this report

MAIN REPORT

Information and Analysis

7. Following the implementation of The Localism Act 2011 the Council is required to agree a written Pay Policy on an annual basis.
8. The Pay Policy sets out the specific information on the relationship between the highest and lowest paid employees in the Council 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 this year's Pay Policy since the publication in March 2018.
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 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	£12,337.81	£1762.81	7.00

¹ – Based on figures 31st December 2018 (December Pay Only)

13. The December 2018 multiple was 7.00, a decrease on the Pay multiple reported in December 2017 (7.40). The whole year multiple for 2017/18, which is reported after 31st March was 7.66. The reduction in the ratio is likely to be associated with the medium salary rising by 1.8% and the top earner reducing by 3.7%.
14. The Council aims to ensure that the pay multiple does not exceed 10.
15. 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 figure with year-end figures in April which

will be published on the Council's internet pages alongside other Transparency Code information requirements.

Senior Salaries

16. The Code requires that the Council publishes Senior Officers Salaries in excess of £50,000 and above. 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.

Other Revisions to the Pay Policy Statement

17. Other revisions to the proposed Pay Policy Statement for 2019/2020, are summarised as follows:
- (a) Reference to the new National Joint Council (NJC) local pay spine which refers to 'Bands', rather than 'Grades' which will be implemented from 1st April 2019. (*Appendix A – paragraph 7a*)
 - (b) Removal of the reference to the local living wage which will cease to apply from 31st March 2019 following the implementation of the revised National Joint Council pay spine on 1 April, 2019. (*Appendix A – paragraph 7a and paragraph 25*)
 - (c) Update of Chief Officer and Chief Executive salary ranges which are written to reflect the agreed 2018-20 pay awards. Grades quoted are rates applicable from 1st April 2019. (*Appendix A - paragraph 8*)
 - (d) Update and reference to National Living Wage (*Appendix A – paragraph 25*)

Points to Note

18. Appendix A - Paragraph 20 refers to the proposed Repayment of Public Sector Exit Payments Regulations and the Public Sector Exit Payments Regulations 2016. This relates to the Government recovering exit costs of senior officers in the public sector (those earning over £80,000) and proposes repayment of termination payments in the event that they return to public sector within a prescribed period, currently proposed 12 months. The enabling provisions are set out in the Enterprise Act which received Royal Assent in May 2016. However, there is no clear timeline for the implementation of these provisions.
19. In addition, the Government is proposing to introduce a cap on public sector exit payments of £95,000 (including the capital cost of unreduced pension benefits for staff aged 55 or above). The proposal is that this cap would be subject to a right for Council to grant waivers in exceptional circumstances. It is expected that draft regulations and guidance will be issued for consultation with or just after the recovery regulations noted above are laid before Parliament. Again, there is no clear timeline for implementation here.