

<b>Title of meeting:</b>	Employment Committee
<b>Date of meeting:</b>	26 <sup>th</sup> February 2019
<b>Subject:</b>	Pay Policy Statement 2019/20
<b>Report by:</b>	Jon Bell, Director of HR, Legal and Performance
<b>Wards affected:</b>	None
<b>Key decision:</b>	Yes/No
<b>Full Council decision:</b>	Yes

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## 1. Purpose of report

The Council is required by section 38(1) of the Localism Act 2011 (openness and accountability in local pay) to prepare a Pay Policy Statement.

The Local Government Transparency Code 2014 further clarifies and describes the information and data local authorities are required to publish to increase democratic accountability.

A Pay Policy Statement must articulate the Council's policies towards a range of issues relating to the pay of its workforce, particularly its senior staff, Chief Officers and its lowest paid employees.

A Pay Policy Statement must be prepared for each financial year. It should be approved by Full Council no later than 31<sup>st</sup> March of each year, prior to the financial year to which it relates and be published on the council's website.

Members have previously approved a draft of this statement, and must now approve it before final approval by Full Council. Members should note that the policy does not take account of the current senior management restructuring proposals.

## 2. Recommendations

The Employment Committee is recommended to:

- 2.1 Approve the Pay Policy Statement attached as **Appendix 1**, to go forward for approval by the Full Council prior to 31 March 2019.
- 2.2 Note the following revisions to the statement contained in Appendix 1
  - reporting dates which have been amended from 2018/19 to 2019/20
  - revision to section 2.1 to clearly define the living wage rate as set by the Living Wage Foundation
  - the annual salaries have been updated to reflect the 2019 pay award. However the data used for the pay multiples is based on 31 March 2018 so remains the same as the pay multiple contained in the previous report submitted in December 2018.

### 3. Background

3.1 Increased transparency about how taxpayers' money is used, including the pay and reward of public sector staff is now a legislative requirement under section 38(1) of the Localism Act 2011. The Department for Communities and Local Government published a revised Local Government Transparency Code on 3<sup>rd</sup> October 2014. The code enshrines the principles of transparency and asks relevant authorities to follow these three principles when publishing the data they hold. These are as follows:

- Responding to public demand
- Releasing data in open format available for re-use; and
- Releasing data in a timely way

This includes data on senior salaries and how they relate to the rest of the workforce (pay multiple).

3.2 The Council must have regard to the Secretary of State's guidance "Openness and accountability in local pay: Draft guidance under section 40 of the Localism Act". It is now essential that an authority's approach to pay, as set out in a Pay Policy Statement, is accessible for citizens and enables taxpayers to take an informed view of whether local decisions on all aspects of remuneration are fair and make the best use of public funds.

Approved statements must be published on the authority's website and in any other manner that the authority thinks appropriate, as soon as reasonably practical after they have been approved by Full Council.

3.3 The Act also requires that authorities include in their pay policy statement, their approach to the publication of and access to information relating to the remuneration of chief officers. Remuneration includes salary, expenses, bonuses, performance related pay as well as severance payments.

3.4 The definition of a chief officer as set out in the Act is not limited to Head of Paid Service or statutory chief officers. It also includes those who report directly to them.

3.5 The Portsmouth Pay Policy statement is attached as **Appendix 1**. The pay multiple data used for this report is based on 31 March 2018, so has not changed from the Pay Policy Statement submitted in December 2018 and is based on the difference between the highest salary and the median salary which is 6.5, the same as the previous financial year.

The Council also considers that the relationship between the base salaries of its highest and lowest paid employees, which is currently a ratio of 1:9.2, represents an appropriate, fair and equitable internal pay relationship. This has reduced from last year's figure of 10.1, which is a result of implementing the Foundation Living Wage Rate, which increased the rate of pay for the lowest paid employees.

3.6 Whilst the Pay Policy Statement relates to the year 2019/20, Members' attention is drawn to the changing shape of the council and the environment in which it operates, and the impact this may have in future on its pay structure. In particular:

- The need for officers to operate across organisational boundaries, e.g. with the health sector and other local authorities

- The increased commercialisation of the council and the need to recruit and retain suitably skilled staff (who may expect alternative reward packages)
- The council's role as accountable body for commercial or quasi-commercial bodies
- The increased specialisation of skills in some employment markets, driving pay inflation that the council's pay structure is not well suited to meet

Members approval will be sought for any significant changes to the Council's pay structure resulting from these, or other factors.

#### **4. Reasons for recommendations**

The Council is required by the Localism Act 2011, section 38(1) to publish a Pay Policy Statement on a yearly basis which is approved by Full Council.

#### **5. Equality impact assessment**

An equality impact assessment is not required as the recommendation doesn't have a negative impact on any of the protected characteristics as described in the Equality Act 2010.

#### **6. Legal implications**

- 6.1 The Director of HR, Legal and Performance is satisfied the Pay Policy Statement at Appendix 1 meets the legislative requirements under Section 38 Pay Accountability, of the Localism Act 2011 and is in line with the Local Government Transparency Code 2014.
- 6.2 The Council is required to prepare a Pay Policy Statement for the financial year 2019/20 and each subsequent year, which sets out the policies, remuneration and other benefits of its chief officers and lowest paid employees and the relationship between its chief officers and every other officer.
- 6.3 The Pay Policy Statement must be approved by Full Council before 31<sup>st</sup> March 2019 and can only be amended thereafter by resolution to Full Council.

#### **7. Director of Finance's comments**

- 7.1 There are no direct financial implications arising from the recommendation in this report.

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Signed by:

**Appendices:**

**Background list of documents: Section 100D of the Local Government Act 1972**

The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

Title of document	Location

The recommendation(s) set out above were approved/ approved as amended/ deferred/ rejected by ..... on .....

.....  
Signed by: