

Title of meeting: Employment Committee

Date of meeting: 9 March 2023

Subject: Pay Policy Statement 2023/24

Report by: Natasha Edmunds, Director for Corporate Services

Wards affected: None

Key decision: Yes/No

Full Council decision: Yes/No

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 March of each year, prior to the financial year to which it relates and be published on the council's website.

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 2023.

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 Levelling Up, Housing and Communities published a revised Local Government Transparency Code on 3 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- 3.2 The Council must have regard to the Secretary of State's guidance "Openness and accountability in local pay: Draft guidance under section 40 of the Localism Act".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 2022 and on the difference between the highest salary and the median salary which is 6.83. This equates to a median salary of £24,401.

In comparison, based on the data published in the 2022/23 Pay Policy Statement, the ratio between the highest paid salary and the median salary of the whole of the local authority's workforce based on data as of 31st March 2020 was a multiple of 7.21 with a median salary of £22,526 (the pay award for 2021/22 had not yet been applied as national pay negotiations were ongoing at the point of publication).

The Council also considers that the relationship between the base salaries of its highest and lowest paid employees, which is currently a ratio of 1:8.23, represents an appropriate, fair, and equitable internal pay relationship. The ratio based on the previous year's published data was a ratio of 1:8.45.

- 3.6 A comparison of pay multiples was undertaken across comparator Local Authorities. Portsmouth City Council does not have a high pay multiple but is

below the projected multiples of 8.1 - 12.1 for the public sector as identified in the [Hutton Review of Fair Pay in the Public Sector \(March 2011\) Report](#) . A lower ratio provides the Council with better value for money.

Local Authority	Pay Multiple based on the difference between the highest salary and the median
Portsmouth City Council	6.83
Cornwall Council	6.5
Reading Borough Council	5.9
Buckinghamshire Council	6.69
Medway Council	6.2
Milton Keynes Council	6.2
Thurrock Council	6.3
Plymouth City Council	6.29
Oxford City Council	4.5
West Sussex County Council	5.69

- 3.7 Whilst the Pay Policy Statement relates to the year 2023/24, 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. Integrated impact assessment

The contents of this report do not have any relevant equalities and environmental impact and therefore an Integrated Impact assessment is not required.

6. Legal implications

- 6.1 The Director of Corporate Services 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 2023/24 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 March 2023 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:

Appendix 1: Pay Policy Statement 2023/24

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

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Signed by: