

Committee Title: Full Council

Date: 14 February 2023

Report Title: Pay Policy Statement 2023/24

For Recommendation to Council

Portfolio Holder: Cllr J Haynes, Corporate Development and Transformation

Local Councillor(s): Not applicable

Executive Director: M Prosser, Chief Executive

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Report Status: Public

Recommendation:

It is recommended that the Full Council:

- (i) Note the provisions of the Localism Act and content of the Pay Policy Statement for the 2023/24 financial year.
- (ii) Approve the Pay Policy Statement for 2023/24.
- (iii) Approve the changes to the pay policy for Chief Officers determined by the Cross-Party Working Group in 2022.

Reason for Recommendation:

The Full Council is responsible for approval of the annual pay policy statement. The Cross-Party Working Group agreed that the evidence provided suggested that the council's current pay ranges may not provide sufficient headroom and flexibility to ensure that we can remain competitive when recruiting to any Chief Officer role.

1. Executive Summary

As required by the Localism Act 2011, the attached report sets out the Pay Policy Statement for Dorset Council for the financial year 2023/24.

The Act places a requirement on local authorities to produce a statement on an annual basis, setting out their policies on the remuneration of their Chief Officers, and the relationship between the remuneration of its Chief Officers and non-Chief Officers.

2. Financial Implications

None arising directly from the Pay Policy Statement. The cost of any future increase to Chief Officer salaries will be managed within budget.

3. Well-being and Health Implications

None arising directly from this report.

4. Climate implications

None arising directly from this report.

5. Other Implications

None arising directly from this report.

6. Risk Assessment

Having considered the risks associated with this decision, the level of risk has been identified as:

Current Risk: LOW
Residual Risk: LOW

7. Equalities Impact Assessment

The Localism Act was subject to consideration in terms of compatibility with the European Convention on Human Rights and contains a statement by the then Secretary of State that the provisions are compatible with equalities legislation. The Pay Policy Statement is now part of a wider transparency and equality framework alongside gender pay gap reporting requirements.

8. Appendices

Appendix 1: Pay Policy Statement (which includes the Schedule of Chief Officers Remuneration and Overview Table of Policies Relating to Remuneration for the Chief Officers)

9. Background Papers

None.

1. Introduction

- 1.1 The Localism Act, Part 1, Chapter 8 under the heading 'Pay Accountability' places a requirement on local authorities to produce and publish a Pay Policy Statement on an annual basis.
- 1.2 This report sets out the main requirements of the Localism Act and details the scope of the Council's Pay Policy Statement for the financial year 2023/24.

2. Pay Policy Statement 2023/24

- 2.1 The Pay Policy Statement for 2023/24 is attached at Appendix 1 setting out Council policies for the financial year relating to:
 - a. the remuneration of its Chief Officers,
 - b. the remuneration of its lowest paid employees, and
 - c. the relationship between the remuneration of its Chief Officers and the remuneration of its employees who are not Chief Officers.
- 2.2 The Pay Policy Statement refers to overview tables setting out the general policies relating to the remuneration of the Council's Chief Officers.
- 2.3 The Pay Policy Statement also provides clear details of the Council's partnership arrangements which are in place and work towards improving efficiency in local government. The Council currently has a jointly funded partnership arrangement for Public Health.

3. Requirements of the Localism Act

- 3.1 In preparing the Pay Policy Statement for the 2023/24 financial year, it is recommended that the Full Council note the following in respect of the Act's requirements.
- 3.2 Chief Officers
 - 3.2.1 The Act defines Chief Officers by reference to various sections of the Local Government and Housing Act 1989. For the purposes of this Pay Policy Statement and in terms of the Council's structures, the definition of Chief Officers incorporates the Chief Executive, Executive Directors (includes Section 151 Officer), Director of Legal and Democratic (Monitoring Officer), Corporate Directors, Director of Public Health, Deputy Director of Public Health and Consultants in Public Health.
 - 3.2.2 The details for Chief Officers (Appendix 1) reflects the position as at 1 January 2023 and, in respect of the partnership arrangements, indicates Dorset Council's contribution to the remuneration packages.
 - 3.2.3 The Council also engages via contracts for service through third party organisations, which have been assessed as IR35 compliant (and fall outside of the IR35 legislation).

3.3 Definition of Lowest Paid Employees

- 3.3.1 The Council has defined its lowest paid employees as those on the lowest Green Book spinal column point.
- 3.3.2 For both Chief Officers and the lowest paid employees, the Council adopts all relevant national agreements and the associated national pay bargaining arrangements. As a result, any pay awards negotiated by the National Joint Council and Joint National Council will be contained within the Appendix as required.

3.4 Relationship between Chief Officers and non-Chief Officers

- 3.4.1 The relationship between Chief Officer remuneration and non-Chief Officer remuneration is normally calculated as the ratio between the highest paid officer's earnings and the median earnings of employees.
- 3.4.2 In calculating the pay multiple based on total taxable earnings for the 2021/22 tax year (including benefits in kind and elements such as pension contributions) the ratio of the Chief Executive's earnings to the median earnings of employees was 8.09:1. This is slightly lower than the 2020/21 tax year which was 8.84:1.
- 3.4.3 In calculating the pay multiple based on FTE salaries (excluding allowances and enhancements) as at 1 January 2023, the ratio of the Chief Executive's salary to the median FTE salary of employees was 6.26:1. This is slightly lower than last year which was 6.65:1*. (** Please note that the 2022 FTE salary pay multiple has been updated (from the figure that was published in last year's Pay Policy Statement) to take account of the 2021/22 pay award which was implemented after the 2022/23 Pay Policy Statement was published.*)
- 3.4.4 The 2022/23 pay award (an increase of £1,925 to each spinal column point (SCP)) increased the lowest SCP by 10.5% compared with the increase for the highest earner of just over 1.11%. This would have contributed to the reduction in the two pay multiples at 3.4.2 and 3.4.3 above.

4. **Review of Chief Officer Pay**

- 4.1 In August 2022, a Cross-Party Working Group of councillors was established to review the current pay ranges for Chief Officers (this applies to the posts of Chief Executive, Executive Directors, Director of Legal and Democratic (Monitoring Officer), Corporate Directors, Director of Public Health, Deputy Director of Public Health and Consultants in Public Health).
- 4.2 The working group's remit was a relatively narrow one, to look at the pay ranges the council has in place for its senior roles to ensure that we can continue to recruit and retain the best talent into these roles.
- 4.3 A range of data was made available, including the current pay position of our chief officers, benchmarking data provided by the Society of Local Authority Chief

Executives (SOLACE), turnover data and evidence of recruitment challenges to senior roles within the council and across neighbouring authorities.

- 4.4 The working group agreed that the evidence provided suggested that the council's current pay ranges may not provide sufficient headroom and flexibility to ensure that we can remain competitive when recruiting to any Chief Officer role. However, the working group agreed that this is not the appropriate time to increase the pay ranges of our Chief Officer roles, due to the current cost of living pressures being experienced by our communities.
- 4.5 The decision of the working group was to recommend to Full Council the following amendments to the Council's Pay Policy for Chief Officers:
- The introduction of a market forces premium of up to £15,000, to be applied on a case by case basis where there is specific evidence of a difficulty to recruit or retain employees in Chief Officer roles and where there is clear evidence of salaries being offered by other local authorities above the current pay ranges for Chief Officers in Dorset Council. Any recommendation to apply a market forces premium will be made in consultation with the Head of Paid Service by the relevant Portfolio Holder and approved by the Portfolio Holder for Corporate Development & Transformation and the Leader of the Council. In the case of the Head of Paid Service, any decision to apply a market forces premium will be made by the Portfolio Holder for Corporate Development & Transformation and the Leader of the Council. Market forces payments will be reviewed every three years, to ensure the justification and rationale for payment can still be evidenced. If the evidence available at the review stage no longer supports the need to apply a market forces supplement, any payment will be reduced or removed. In this situation, a period of three years protection will be applied, in line with the arrangements in the council's Labour Market Adjustment Scheme for other employees in the council.
- 4.6 No immediate changes will be made to the individual salaries of existing Chief Officers.

5. Next Steps

- 5.1 Once agreed, and in advance of 31 March 2023, the Pay Policy Statement will be published on the Council's website.
- 5.2 Prior to its publication, Privacy Notices will be issued to each of the Chief Officers detailed in the Schedule (at Appendix 1).

Matt Prosser, Chief Executive

14 February 2023

Footnote:

Issues relating to financial, legal, environmental, economic and equalities implications have been considered and any information relevant to the decision is included within the report.