

TITLE OF REPORT: Localism Act 2011 – Pay Accountability
Pay Policy Statement 2020-21

REPORT OF: Mike Barker, Strategic Director, Corporate Services &
Governance

Purpose of the Report

1. To agree a revised pay policy statement, for approval by the Council, as set out in Appendix 2 to this report.

Background

2. Section 38(1) of the Localism Act 2011 requires local authorities to produce an annual pay policy statement. The policy must be approved by full Council before 31 March each year, but it may be amended by Council during the course of the year.
3. Whilst there is no set format to which the policy statement must conform, Chapter 8 of the Localism Act is prescriptive in determining the elements that must be included. It also provides for statutory guidance to be issued by the Secretary of State, to which authorities must have regard when preparing their policies.
4. The policy must be published on the Council's website and be applied particularly when the Council sets the terms and conditions for Chief Officers.
5. The Council's Pay Policy reflects the statutory requirements and in its development the guidance issued by the Department for Housing, Communities and Local Government under Section 40 of the Act has been duly considered. It has been reviewed and updated since first agreed by Council on 22 March 2012, with the last amendments approved on 19 March 2019.
6. Low pay continues to be a matter of focus and debate both nationally and regionally. The statutory National Living Wage (NLW) for employees aged 25 and above which was introduced on 1 April 2016 will increase to £8.72 per hour with effect from 1 April 2020. The UK Living Wage, as promoted by the Living Wage Foundation, rose to £9.30 per hour outside London with effect from November 2019. In its recent budget statement the Government announced that it intends to target an NLW equal to two-thirds of the national median by 2024 and extend it to workers aged 21 – 24. On current data, that would equate to an NLW of over £10.50 per hour in 2024. The Council will work alongside the National Employers' Organisation and trade unions to consider how this will affect the Council's pay and grading structure.

7. The Pay Policy also sets out the Council's approach to applying market supplements to address recruitment and retention issues to ensure they are appropriate to the circumstances and their necessity is evidenced.
8. The 2020 NJC pay agreement is yet to be agreed. At the time of reporting, the trade unions have rejected the offer of a 2% pay award and further negotiations are due to be held.

Proposal

9. The Pay Policy as proposed in Appendix 2 covers all elements of the legislation set out under main headings that are intended to demonstrate the consistency in the Council's approach to pay across the workforce and to highlight any differences. Those main headings are:
 - General principles regarding employee pay
 - Lowest paid employees and chief officers (and including the relationship between median pay and highest pay)
 - Governance arrangements and development of pay structures
 - Payment for additional duties and work outside the Council
 - Termination payments
10. As none of the relevant pay awards have been agreed at the time of publication of this report, it is proposed that an appropriate delegation is granted to enable the Pay Policy Statement to be amended in accordance with what is eventually agreed. However, if more significant changes to the Pay Policy are proposed, as a result of the various pay awards or otherwise, a further report will be brought to Cabinet for consideration.

Recommendation

11. It is recommended that Council be recommended to approve:
 - (i) the attached draft Pay Policy Statement 2020/21; and
 - (ii) that the Strategic Director, Corporate Services and Governance be authorised to amend the Pay Policy Statement on the basis set out in paragraph 10 above.

For the following reason:

To comply with the requirements of the Localism Act 2011.

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Policy Context

1. The annual publication of a pay policy statement is a requirement of Chapter 8 of the Localism Act 2011, which aims to bring greater transparency to pay in the public sector. The policy supports Making Gateshead a Place Where Everyone Thrives.

Background

2. The Council's approach to pay has been determined by reference to collective bargaining structures, national and local agreements, and job evaluation in the context of its recruitment markets. The Pay Policy Statement 2020-21 incorporates the key principles which underpin these arrangements.

Consultation

3. The Council's recognised non-teaching trade unions have been consulted on the Pay Policy. GMB are of the view that there should be greater transparency in determining senior management pay. Management's view is that, although the job evaluation scheme which applies to chief/deputy chief officer posts differs from the NJC Green Book Scheme, it is applied fairly and consistently and provides a robust mechanism for determining job grades and associated rates of pay.
4. The Leader of the Council has been consulted on the Pay Policy Statement and is supportive of the recommendations.

Alternative Options

5. The publication of a pay policy statement is a legal obligation under the Localism Act 2011.

As to alternative options, in terms of enhancement and/or adjustment to the national pay spine, various options, including those suggested by the unions, have been costed and considered but in light of continuing financial constraints are currently considered to be unaffordable.

Implications of Recommended Option

6. **Resources:**
 - a) **Financial Implications** – The Strategic Director, Resources & Digital confirms that any financial implications arising from the pay policy statement have been considered as part of revenue budget setting 2020/21 and cost implications will be further reviewed as part of the of the Medium Term Financial Strategy
 - b) **Human Resources Implications** – The Council's Pay Policy and practice is designed to recruit, reward, motivate and retain as necessary employees with the skills and attributes required to deliver Council services. It is part of the Council's overall human resources policy framework, through which it aims to be an exemplary employer.

c) **Property Implications** – there are no property implications arising from the recommendations within this report.

7. **Risk Management Implications** - The changes in the Council's Pay Policy statement as recommended in the report are relatively minor and are not considered to introduce any new risk.
8. **Equality and Diversity Implications** – Fair pay and reward are fundamental to the Council's approach to employment. The Council's use of equalities-tested job evaluation schemes, Trade Union representation in collective bargaining, and application of consistent pay principles throughout the organisational structure ensure that equality and diversity issues are properly taken into account.
9. **Crime and Disorder Implications** – There are no crime and disorder implications.
10. **Health Implications** - There are no health implications.
11. **Sustainability Implications** - There are no sustainability implications.
12. **Human Rights Implications** - There are no human rights implications.
13. **Ward Implications** - There are no ward implications.
14. **Background Information**
Gateshead Council's pay policies from 2013 to 2019/20.