

**TITLE OF REPORT:** Localism Act 2011 – Pay Accountability  
Pay Policy Statement

**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 a Chief Officer.
5. The Council's Pay Policy reflects the statutory requirements and in its development the guidance issued by the Department for 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 26 March 2014.
6. Low pay continues to be a matter of focus and debate both nationally and regionally. The new statutory National Living Wage (NLW) for employees aged 25 and above will be introduced on 1 April 2016 and will begin at £7.20 per hour in 2016. It is projected to rise to at least £9 per hour (possibly up to £9.35) by 2020. The UK Living Wage, as promoted by the Living Wage Foundation, rose to £8.25 per hour outside London with effect from 2 November 2015 and is likely to be reviewed again in November 2016.
7. At its meeting on 25 February 2016, the Council approved further changes to the pay and grading structure to ensure compliance with the new statutory National Living Wage, which have been reflected in the Pay Policy.

8. 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.

### **Proposal**

9. The Pay Policy Statement 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. It is further proposed that Cabinet considers further reports on low pay during the course of 2016/17 with a view to addressing the issues of low pay within the Council's workforce, as described in the attached Pay Policy Statement.

### **Recommendation**

11. It is recommended that the attached draft policy is agreed by Cabinet and referred to the Council for approval at its meeting on 17 March 2016.

For the following reason:

To comply with the requirements of the Localism Act 2011.

### Policy Context

1. The annual publication of a pay policy statement for the year 2016/17 is a requirement of Chapter 8 of the Localism Act 2011, which aims to bring greater transparency to pay in the public sector.

### 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 incorporates the key principles that underpin these arrangements.
3. The Council, at its meeting on 25 February 2016, agreed to further measures to address low pay in its workforce by deleting the lowest spinal column point on the pay structure with effect from 1 April 2016. The Pay Policy has been updated to reflect this and proposes that the issue of low pay continues to be addressed. It has also been amended to include the revised ratio between highest paid employee and median rate of pay, which is a requirement of the Local Government Transparency Code 2014,
4. Although the Council does not have a significant issue in relation to recruitment and retention of staff, there are a small number of instances where this has needed to be addressed. The Pay Policy has been updated to ensure there is a consistent and transparent approach to the application of market supplements.

### Consultation

5. The Council's recognised non-teaching Trade Unions have been consulted and their comments have been incorporated.

### Alternative Options

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

### Implications of Recommended Option

7. **Resources:**
  - a) **Financial Implications** – The Strategic Director, Corporate Resources confirms that the financial implications arising from this report have been considered and accounted for within the framework 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.

8. **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.
9. **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.

The Council's pay structure for staff was specifically introduced to address historical pay anomalies and minimise the risk of Equal Pay claims. The pay structure has since then been amended to support the Council's aspirations to address pay issues for the lowest paid employees, who are predominantly female.

10. **Crime and Disorder Implications** – There are no crime and disorder implications.
11. **Health Implications** - There are no health implications.
12. **Sustainability Implications** - There are no sustainability implications.
13. **Human Rights Implications** - Employees have a right to representation through both individual representation and free collective bargaining, and pay & grading appeals mechanisms are in place to ensure this.
14. **Area and Ward Implications** - There are no area and ward implications.
15. **Background Information**  
Gateshead Council's pay policy 2013/14, 2014/15 and 2015/16.