

**TITLE OF REPORT:** Localism Act 2011 – Pay Accountability  
Pay Policy Statement 2021-22

**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 24 March 2020.
6. Low pay continues to be a matter of focus and debate both nationally and regionally. It should be noted that with effect from 1 April 2021, the government has lowered the age at which the maximum National Living Wage rate applies from age 25 and over to age 23 and over. The statutory National Living Wage (NLW) for employees aged 23 and over will be £8.91 per hour with effect from 1 April 2021. The UK Living Wage, as promoted by the Living Wage Foundation, rose to £9.50 per hour outside London with effect from November 2020.
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 2021 NJC pay agreement is yet to be agreed. At the time of reporting, no response to the national trade unions pay claim has been issued.

## **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, the Strategic Director, Corporate Services and Governance, under his delegated powers within Schedule 2, Part 1, Section 2 (14) of the Council's constitution will apply any national agreements and further update the policy as required. This will be following consultation with the Leader of the Council and the Strategic Director, Resources and Digital. 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 the attached draft policy is agreed by Cabinet and referred to the Council for approval at its meeting on 25 March 2021;

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 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 2021-22 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. The trade unions have made representations about the application and review of recruitment and retention allowances, and the transparency of the job evaluation process for chief officer roles. They are also concerned that work on the pay spine has not progressed as anticipated to address pay progression for those lowest paid employees.

Management is of the view that robust processes have been followed both in relation to recruitment and retention allowances and job evaluation at all levels of the organisation. Furthermore, a working group has been set up to consider options for low pay taking into account the Council's current financial position and issues of affordability.

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.

## 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 2021/22 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. **Climate Emergency and Sustainability Implications** - There are no climate emergency or 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 2020/21.