

TITLE OF REPORT: Localism Act 2011 – Pay Accountability
Pay Policy Statement 2023-24

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 in March 2022.
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 23 and over is £9.50 per hour with effect from 1 April 2022, rising to £10.42 on the 1 April 2023. The UK Living Wage, as promoted by the Living Wage Foundation, rose to £10.90 per hour outside London with effect from September 2022.
7. The Council worked in partnership with our recognised trade unions in helping our employees to thrive at work and at home, agreeing positive changes to low pay graded roles. This meant that all employees whose salary was within grades A to D benefitted from an increase in their salary (increase of one salary scale point). Some employees also seen a further increase in their salary as the change meant a move into the next grade. The changes made were effective from 1 June 2022.

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.
9. The 2022 NJC pay award has been agreed and the revised salary scale is shown at Annexe 1 of the Pay Policy Statement 2023/24, which will be subject to change pending any agreed pay award for 2023/24.
10. A programme of work has begun to consider further changes to our pay framework with the view of more positive changes to pay and ultimately improve the Council's ability to attract, recruit and retain great talent.

Proposal

11. 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

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 23 March 2023.

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 2023/24 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. Consultation is ongoing with the trade unions on further options to address recruitment and retention concerns linked to 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.

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 2023/24 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 area and ward implications.
14. **Background Information** - Gateshead Council's pay policies from 2013 to 2023/24.