

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 15 March 2016.
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 £7.50 per hour with effect from 1 April 2017. 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 £8.45 per hour outside London with effect from November 2016.
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.

Proposal

8. 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

10. It is recommended that the attached draft policy is agreed by Cabinet and referred to the Council for approval at its meeting on 16 March 2017.

For the following reason:

To comply with the requirements of the Localism Act 2011.

APPENDIX 1

Policy Context

1. The annual publication of a pay policy statement for the year 2017/18 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 which underpin these arrangements.

Consultation

3. The Council's recognised non-teaching Trade Unions have been consulted and their comments have been incorporated. The Leader has been consulted on the report.

Alternative Options

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

Implications of Recommended Option

5. **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.
6. **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.
7. **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.

8. **Crime and Disorder Implications** – There are no crime and disorder implications.
9. **Health Implications** - There are no health implications.
10. **Sustainability Implications** - There are no sustainability implications.
11. **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.
12. **Area and Ward Implications** - There are no area and ward implications.
13. **Background Information**
Gateshead Council's pay policy 2013/14, 2014/15, 2015/16 and 2016/17.