

COUNCIL
6 FEBRUARY 2020

***PART 1 – PUBLIC DOCUMENT**

TITLE OF REPORT: PAY POLICY STATEMENT 2020/21

REPORT OF: CORPORATE HUMAN RESOURCES MANAGER

EXECUTIVE MEMBER: COUNCILLOR MARTIN STEARS-HANSCOMB

COUNCIL PRIORITY: ENABLE AN ENTERPRISING AND CO-OPERATIVE ECONOMY

1. EXECUTIVE SUMMARY

- 1.1 This report sets out a draft Pay Policy Statement 2020/21 (Appendix 1) for Council's consideration and approval in accordance with the requirements of Section 38 of the Localism Act 2011 (the Act), associated guidance issued under Section 40 of the Act, the Local Government Transparency Code 2015¹ and any other relevant legislation. The Statement incorporates elements of existing policy and practice and is required to be agreed annually.

2. RECOMMENDATIONS

- 2.1 Council is recommended to endorse the 2020/21 Pay Policy Statement attached at Appendix 1.
- 2.2 Council is also recommended to agree to delegate authority for revisions made in year to the Pay Policy Statement, to the Corporate Human Resources Manager, in consultation with the Leader. Revisions which might arise in the year include changes in structure, changes to employment benefits, subsequent pay awards agreed nationally and new legislative requirements.

3. REASONS FOR RECOMMENDATIONS

- 3.1 To comply with the requirements of Section 38 of the Localism Act 2011, Statutory Guidance issued under s40 and the Local Government Transparency Code 2015.

4. ALTERNATIVE OPTIONS CONSIDERED

- 4.1 The Pay Policy Statement reflects current adopted policies and associated statutory reporting arrangements.

¹ The Local Government Transparency Code 2015 issued February 2015

5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS

- 5.1 Initial consultation on the Draft Pay Policy Statement has taken place with the Leader of the Council.

6. FORWARD PLAN

- 6.1 This decision has not appeared in the Forward Plan as it is reserved for Full Council under the terms of the Act and as such does not constitute a key decision.

7. BACKGROUND

- 7.1 The Localism Act 2011 requires Council to approve, on an annual basis, a Pay Policy Statement. The suggested contents of the statement are set out in guidance issued under Section 40 of the Act, the Local Government Transparency Code 2015 and the Enterprise Act 2016.

- 7.2 Whilst the guidance primarily requires Councils to set out the policy in relation to senior pay, it is important to understand that NHDC's existing Pay Policy adopted in 2004, does not differentiate between senior staff and others. Thus, the existing and draft NHDC Pay Policy Statement goes beyond that which is required to be published in accordance with paragraph 31 of the guidance issued under Section 40 of the Localism Act 2011 <https://www.gov.uk/government/publications/openness-and-accountability-in-local-pay-guidance>

References to 'Chief Officers' in this report and in the Statement are to the Chief Executive, Deputy Chief Executive and Service Directors.

- 7.3 Since the adoption of the first Pay Policy Statement in March 2012, supplementary guidance has been issued by the Secretary of State. A copy of the supplementary guidance can be viewed here <https://www.gov.uk/government/publications/openness-and-accountability-in-local-pay-supplementary-guidance> The 2015 Code reiterates points on pay multiples (para 51 & 52 of that Code).

- 7.4 The Pay Policy Statement, along with other information on senior salaries (already published in accordance with the Accounts & Audit Regulations 2015 and the Local Government Transparency Code 2015), must be published as soon as reasonably practical on the Council's website.

- 7.5 The former Code of Recommended Practice for Local Authorities on Data Transparency has been replaced with the Local Government Transparency Code 2015 and the Small Business, Enterprise and Employment Act 2015 and the Enterprise Act 2016. The relevant requirements of these are set out in the Pay Policy Statement at Appendix 1.

8. RELEVANT CONSIDERATIONS

Pay Policy Statement 2019/20

8.1 The draft Pay Policy Statement 2020 /21 is attached as Appendix 1. This details:

- Background
- Grading Arrangements
- Future Appointments
- Pay Multiples
- Car Allowances
- Other Payments
- Pension Contributions
- Publication Requirements

8.2 The Local Government Transparency Code 2015 requires publication of the pay multiple between the highest earning and the median earnings of the whole of the workforce amongst other things. The Council has however included this information in all of the previous Pay Policy Statements in the interests of transparency.

8.3 The main changes from the 2019/20 Pay Policy Statement are:

- Progress of national pay bargaining and reference to the timing of the pay policy statement and there being no pay agreement yet in place to change the pay multiples. (Appendix 1 Para 3.7)
- An update on the progress of the exit payment cap and recovery regulations (Appendix 1 Para 3.11)
- New rates for car allowances (Appendix 1, Para 6.1)

8.4 In paragraphs 3.8 and 3.9, Council are asked to agree the limits on awards that will require approval by Full Council. As stated in the Pay Policy Statement it is recommended that this is retained at £100k. This will apply to any salary package or discretionary severance compensation payment award.

9. LEGAL IMPLICATIONS

9.1 Under section 38 of the Localism Act 2011, the Council must prepare a Pay Policy Statement for each financial year and policies for the financial year relating to the remuneration of its chief officers and its lowest-paid employees and the relationship between the remuneration of its chief officers and its employees who are not chief officers.

- 9.2 The Council must have regard to any guidance issued or approved by the Secretary of State under Section 40 of the Act.
- 9.3 Under section 39 of the Localism Act, the Council's Pay Policy Statement must be approved by resolution of the authority, before it comes into force.
- 9.4 Council is asked to note paragraph in 3.10 and 3.11 of the Pay Policy Statement and in particular, the uncertainty of when the Public Sector Exit Payment Regulations 2016 will come into force. In the meantime payment of any severance package would be regulated by the appropriate pay policies applicable to all staff within the organisation including the most senior, in conjunction with any applicable terms and conditions of employment contracts. As soon as there is more certainty on the Regulations, the relevant pay policies will be reviewed and updated accordingly.
- 9.5 Section 4.4 (aa) of the Constitution states that Full Council will "agree any award which would exceed the financial limits set out in the Council's Pay Policy Statement". Therefore the Pay Policy Statement needs to set what this level will be.

10. FINANCIAL IMPLICATIONS

- 10.1 There are no direct financial implications arising from this report.

11. RISK IMPLICATIONS

- 11.1 There are no direct risk implications arising from this report.

12. EQUALITIES IMPLICATIONS

- 12.1 In line with the Public Sector Equality Duty, public bodies must, in the exercise of its functions, give due regard to the need to eliminate discrimination, harassment, victimisation, to advance equality of opportunity and foster good relations between those who share a protected characteristic and those who do not.
- 12.2 The Pay Policy Statement reflects the practical arrangements that are in place to ensure all employees are remunerated in accordance with the requirements of the Equality Act and Public Sector Equality Duty and, in particular, through the application of a universal grading, flexible retirement scheme, and salary structure for all staff. The pay policy ensures consistency in regard to pay and remuneration in regard to individual roles, and therefore with no direct adverse impact on any single group with protected characteristics.

13. SOCIAL VALUE IMPLICATIONS

- 13.1 As the recommendations made in this report do not constitute a public service contract, the measurement of 'social value' as required by the Public Services (Social Value) Act 2012 need not be applied, although equalities implications and opportunities are identified in the relevant section at Paragraph 12.

14. HUMAN RESOURCE IMPLICATIONS

- 14.1 The Pay Statement meets the requirements of the Localism Act 2011.

15. APPENDICES

15.1 Appendix 1 - North Herts District Council Draft Pay Policy Statement 2020/21.

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17. BACKGROUND PAPERS

17.1 These are referred to in the body of the report and the Draft Pay Policy Statement 2019/20.

17.2 Guidance issued by the Secretary of State under S.40 of the Localism Act (February 2012).

17.3 Supplementary Guidance issued by the Secretary of State under S.40 of the Localism Act (February 2013).

17.4 The Local Government Transparency Code 2014 superseded by the Local Government Transparency Code 2015.

17.5 The Use of severance agreements and “off payroll” arrangements - Guidance for local authorities March 2015.

17.6 The Small Business, Enterprise and Employment Act 2015.

17.7 The Enterprise Act 2016.

