

READING BOROUGH COUNCIL

REPORT BY ASSISTANT DIRECTOR OF HR AND ORGANISATIONAL DEVELOPMENT

TO:	PERSONNEL COMMITTEE		
DATE:	17 MARCH 2021		
TITLE:	PAY POLICY STATEMENT 2021/22		
LEAD COUNCILLOR:	CLLR EMBERSON	PORTFOLIO:	CORPORATE AND CONSUMER SERVICES
LEAD OFFICER:	SHELLA SMITH	TEL:	0118 937 4697
JOB TITLE:	ASSISTANT DIRECTOR OF HR AND ORGANISATIONAL DEVELOPMENT	E-MAIL:	Shella.smith@reading.gov.uk

1. PURPOSE OF REPORT

1.1 To provide Personnel Committee with a Pay Policy Statement for 2021/22, for approval by Council on 23 March 2021.

1.2 Appendices

Appendix 1: Pay Policy Statement 2021/22

2. RECOMMENDED ACTION

That 2.1 and 2.2 below be recommended to Council on 23 March 2021:

2.1 That the Pay Policy Statement for 2021/22 be approved, as attached at Appendix 1 to the report.

2.1 That the Assistant Director of HR and Organisational Development, in consultation with the Lead Member for Corporate and Consumer Services, be authorised to update the Pay Policy Statement with new pay scales and pay ratios if required, when the discussions between national employers and joint trade unions had been concluded, in addition to updating the current employers pension contribution figure.

3. POLICY CONTEXT

3.1 Local Authorities are required under section 38(1) of the Localism Act 2011 (the Act) to prepare a Pay Policy Statement. The statement must articulate the Council's policy towards the pay of the workforce, particularly senior staff and its lowest paid employees.

3.2 The Pay Policy Statement for 2021/22 is attached as Appendix 1. It has been updated as follows:

- To show the updated pay multiples in section 8.
- To reflect changes agreed by Council regarding the senior management structure of the Council (as set out in Article 12 of the Constitution)
- Annex B has been reduced and provides references as to where relevant information on the governance arrangements for pay and conditions of service for Council officers can be found in the Constitution (rather than including extracts lifted from the Constitution).
- Annex D (council employees in salary bands) has been updated with data for 1 April 2020 and paragraph 10 (Pay Profile) has been updated to reflect this.

3.3 Further updates may be required to the Pay Policy Statement as detailed below. Delegated authority is sought through this report for the Assistant Director of HR and Organisational Development, in consultation with the Lead Member for Corporate and Consumer Service, to make these updates.

- Paragraph 14.1 with the new employer contribution rate for 2020/21 for the Local Government Pension Scheme when agreed (currently 14.8%)
- Annex F (new pay scales) when the discussions between national employers and joint trade unions have concluded, if a pay award is agreed.

3.4 Personnel Committee has previously been made aware of The Restriction of Public Sector Exit Payments Regulations 2020 which took effect on 4 November 2020 as it would have been necessary to reflect the new Regulations in the Pay Policy Statement. The Regulations capped public sector exit payments (including Local Government Pension Scheme strain costs) to a total of £95,000 per employee. On 12 February 2021, Government made a surprise announcement that it is effectively disapplying the cap with immediate effect. The only reason cited is that the cap “may have had unintended consequences”. The decision comes a few weeks before the Regulations were about to be subject to a judicial review challenge. HM Treasury stated that it intends to bring forward new proposals at pace to tackle unjustified exit payments. The announcement also calls into question the status of the further reform led by the Ministry of Housing, Communities and Local Government (MHCLG) which impacts on the Discretionary Payments Regulations and Local Government Pension Scheme Regulations. Considering this latest news, it seems unlikely that the reforms can proceed based on the current proposals until HM Treasury’s new proposals are made clear.

3.5 Each local authority is an individual employer in its own right and has the autonomy to make decisions on pay that are appropriate to local circumstances and which deliver value for money for local taxpayers. The provisions of the Localism Act do not seek to change this or to determine what decisions on pay should be taken but they require individual employing

authorities to be more open about their own policies in relation to pay and how decisions are made in this regard.

- 3.6 Section 40 of the Act requires authorities in developing their Pay Policy Statement to have regard to any guidance published by the Secretary of State. This includes Communities and Local Government guidance on Openness and Accountability in Local Pay and the Code of Recommended Practice for Local Authorities on Data Transparency (as amended).
- 3.7 The government has taken steps to increase transparency on the pay and reward of public sector employees and the Code of Recommended Practice for Local Authorities on Data Transparency which amongst other things asks councils to consider the way they release data on senior salaries.
- 3.8 In March 2011 the Hutton Review of Fair Pay was published which made several recommendations for promoting pay fairness in the public sector by tackling disparities between the lowest and highest paid in the public sector.
- 3.9 The provisions contained in the Act bring together the need for increasing accountability, transparency and fairness in the setting of pay which culminated in the formalisation of the Council's Pay Policy Statement, which outlines the pay and reward of the most senior employees set within the context of the pay of the wider workforce.
- 3.10 The Act sets out in detail the specific elements which the Pay Policy Statement must include as a minimum. The Act requires that in addition to the determination of senior salaries, authorities must make clear what approach is taken to awarding other elements of pay including:
 - severance payments,
 - any additional fees (e.g. election duties),
 - pay increases,
 - honorarium payments etc.
- 3.11 The Act requires that authorities include in their Pay Policy Statements their approach to the publication of and access to information relating to the remuneration of Chief Officers. Reference to the council's Statement of Accounts where this information is published is included within the proposed policy.
- 3.12 The Act requires that Pay Policy Statements are produced annually and are considered by full Council. Any subsequent amendments required to the policy should also be considered by full Council. This should be carried out in accordance with part 5A of the Local Government Act 1972. The Secretary of State does not consider that any of the grounds for exclusion of the public would be met for discussions around Pay Policy Statements.
- 3.13 The Act requires that the Council's approach to pay, as set out in the Pay Policy Statement, is accessible for council tax payers for them to take an

informed view of whether local decisions on all aspects of remuneration are fair therefore the approved Pay Policy Statement is published on the Council's website.

3.14 The Hutton report highlighted that there is value in ensuring decisions about senior pay are taken in the context of similar decisions on lower paid staff and the Act requires Authorities to set their policy on remuneration for the highest paid employees alongside policies on the lowest paid.

3.15 The Hutton report and The Code of Recommended Practice for Local Authorities on Data Transparency also suggest that the organisation's pay multiple is published. The 'pay multiple' (in this context) is described as the ratio between the highest paid employee and the 'median average' earnings across the organisation which acts as a means of illustrating the relationship between the highest and lowest paid.

4. NEXT STEPS

4.1 The revised Pay Policy Statement in Appendix 1 will be submitted to full Council for approval on 23 March 2021.

5. LEGAL IMPLICATIONS

5.1 There are no significant legal issues arising from this report.

6. FINANCIAL IMPLICATIONS

6.1. There are no financial implications arising from this report as the Pay Policy Statement is based upon existing policies and procedures.

7. EQUALITIES IMPLICATIONS

7.1 There are no significant equalities issues arising from this report.

8. CONSULTATION AND COMMUNICATION

8.1 As the Pay Policy Statement is largely a matter of fact in terms of how the Council currently determines the pay and conditions of its staff, consultation with staff is not required. However, the statement was presented to the Council's Local Joint Forum for information.