

READING BOROUGH COUNCIL

REPORT BY HEAD OF HR AND ORGANISATIONAL DEVELOPMENT

TO:	PERSONNEL COMMITTEE		
DATE:	14 MARCH 2019		
TITLE:	PAY POLICY STATEMENT 2019/20		
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1. PURPOSE OF REPORT

1.1 To provide Personnel Committee with a Pay Policy Statement for 2019/20, for approval by full Council on 26 March 2019.

1.2 Appendices

Appendix 1: Pay Policy Statement 2019/20

2. RECOMMENDED ACTION

2.1 That Personnel Committee recommends the Pay Policy Statement for 2019/20, attached as Appendix 1, to the Council.

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 2019/20 is attached as Appendix 1. It has been updated as follows:

- Updated throughout to reflect changes in job titles (e.g. Heads of Service are now referred to as Assistant Directors).
- Addition of a requirement for the Assistant Director of HR and Organisational Development to approve all acting up and honoraria

payments, in addition to the Assistant Director for the service area, to ensure proper application of the Council's policy (paragraph 14.6).

- Addition of the new salary sacrifice schemes offered to all employees (paragraph 15.2). The bus to work salary sacrifice scheme has been removed as it is no longer in operation following changes in tax legislation.
- New pay scales at Annex F, which reflect the relevant national agreements.

3.3 The Pay Policy Statement was amended for 2016/17 to meet the increasing need for greater flexibility in pay arrangements, whilst still retaining structure, control and fairness to the Council's pay arrangements.

3.4 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.

3.5 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).

3.6 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.

3.7 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.

3.8 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.

3.9 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.

3.10 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.

3.11 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.

3.12 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.

3.13 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.

3.14 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 26 March 2019.

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 will be presented to the Council's Local Joint Forum for information.