

# Report

## Council

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### Part 1

Date: 25 April 2023

**Subject** Pay and Reward Policy 2023/24

**Purpose** To brief Council on the annual Pay and Reward policy and a proposed alignment of chief officer leave.

**Author** HR and OD Manager

**Ward** N/A

**Summary** The Localism Act 2011 requires English and Welsh local authorities to produce a “pay policy statement” on an annual basis. The legislation outlines a number of statutory requirements which must be included in any pay policy statement.

The Pay and Reward Policy outlines the current position in respect of pay and reward within the Council. It will be reviewed and reported to Council on an annual basis to ensure it meets the principles of fairness, equality, accountability, and value for money for the authority and its residents.

The Pay and Reward Policy 2023/24 has been reviewed and no changes are proposed this year outside of the normal increases in values. It should be noted that amendments have been made to some provision in 2022/23 with the appropriate Cabinet Member agreement, these amendments are reported to Cabinet and subsequently Council. This statement will come into immediate effect once fully endorsed by Council.

In addition to the annual pay policy update, it is requested that Council consider alignment of the increased annual leave of the NJC pay award, which awarded an additional day's annual leave to those covered under the NJC pay award from April 2023, to also include chief officers covered for consistency.

**Proposal**

- 1. Council are asked to review and agree the Pay and Reward Policy in order to meet the statutory requirement for a pay policy statement to be approved and published by Council on an annual basis.**
- 2. Council are asked to review and agree the alignment of Chief Officer leave**

**Action by** Chief Executive/Head of People, Policy and Transformation

**Timetable** Immediate

This report was prepared after consultation with:

- Deputy Monitoring Officer
- Assistant Head of Finance

**Signed**

## Background

The Localism Act 2011 requires English and Welsh local authorities to produce a 'pay policy statement' on an annual basis. Items which must be included in the statutory pay policy statement are as follows:

- A local authority's policy on the level and elements of remuneration for each chief officer
- A local authority's policy on the remuneration of its lowest-paid employees (together with its definition of 'lowest-paid employees' and its reasons for adopting that definition)
- A local authority's policy on the relationship between the remuneration of its chief officers and other officers
- A local authority's policy on other specific aspects of chief officers' remuneration: remuneration on recruitment, increases and additional to remuneration, use of performance-related pay and bonuses, termination payments, and transparency.

The Act also specifies that the pay policy statement:

- must be approved on an annual basis formally by the full Council meeting (the responsibility cannot be delegated to Cabinet or a sub-committee)
- can be amended in-year
- must be published on the authority's website (and in any other way the authority chooses)
- must be complied with when the authority sets the terms and conditions for a chief officer.

The Act requires an authority to have regard to any statutory guidance on the subject issued or approved by the Secretary of State or Welsh Ministers. The Welsh Government issued statutory guidance on "*Pay Accountability in Local Government in Wales*" in March 2012 and the Public Services Staff Commission published further supplementary guidance in December 2016.

## Pay and Reward Policy (item 1 for approval)

The Council recognises that, in the context of managing scarce public resources, remuneration at all levels needs to be adequate to secure and retain high quality employees dedicated to the service of the public; but at the same time needs to avoid being unnecessarily generous or otherwise excessive pay and reward.

The Council's Pay and Reward Policy, initially approved in March 2012, was developed to meet the statutory requirements contained in the Localism Act 2011. However, in the spirit of transparency, the Council took the opportunity to take a wider view and include information relating to school-based employees. Local authority schools are specifically excluded from the Localism Act's statutory requirements. However, as employees in community maintained and voluntary controlled schools are employees of the Council, reference has been made to school-based employees within the Pay and Reward Policy. It is recognised that the pay decisions for these employees are delegated to school Governing Bodies by legislation and that each school is responsible for publishing its own Pay Policy. For the avoidance of doubt, the relevant school Pay Policies are the definitive version of policy for school-based staff engaged by the governing body of the respective school.

Subject to approval by full Council, to meet the requirements of the Localism Act, the Pay and Reward Policy attached will be published on the Council's website. In addition, in accordance with the provisions of Accounts and Audit (Wales) Regulations 2005, the Council's Annual Statement of Accounts will include a note setting out salary and remuneration information for Council posts where the full-time equivalent salary is at least £60,000.

## **Updates since April 2022 (last pay policy approval)**

### **Pay Awards –**

The pay award for the Chief Executive and Chief Officers is set by the Joint National Council (JNC) and has been confirmed as an increase of £1,925 with effect from April 2022 and was applied.

The pay award for all other non-teaching staff (with the exception of the small number of staff employed on Soulbury pay) is set by the National Joint Council (NJC) and has been confirmed as £1,925 with effect from April 2022 and has been paid. The Soulbury pay award has yet to be agreed.

The teachers pay award was implemented from September 22 following the publication of the School Teachers Pay and Condition Document (Wales) 2022, at 5%. Whilst this has been implemented it should be noted that this is currently in dispute and subject to continuing strike action (*March 23*).

Discussions are underway on a national basis in relation to any pay award decisions for 2023/24.

The pay award for 2022, for all staff was not agreed nationally until later in the year. The pay awards, when implemented, were back paid to all current staff. This negated the need to pay the Foundation Living Wage supplement last year once the pay award was retrospectively applied.

The Council increases its salaries in line with the Foundation Living Wage supplement each April. With discussions still underway on the 2023 pay award, and unlikely to be concluded until after 1<sup>st</sup> April 2023, it will be necessary to pay the Living Wage Supplement from April, making the bottom spinal point up to £10.90p per hour, until such time as a pay award for 2023/24 might be agreed and backdated. The same has happened in previous years.

### **Changes to additional payment arrangements –**

During 2022 the Council amended some of its additional payment values to support service delivery. The report and Cabinet Member approval can be found [here](#). The increase to allowances included:

- Overtime of 1.5 times the hourly rate of pay for all hours worked beyond 37 per week. Previously paid at 1.25 times.
- The grade bar between Grades 1-6 receiving enhancements and Grades 7-15 not receiving was removed so that all NJC staff were eligible for the revised overtime rates and bank holiday payments.
- Standby rates were set at £25 per period, from £15 previously (and since have been subject to annual percentage pay increase in line with the pay structure).

### **Temporary Amendments to the mileage rate –**

To support the cost-of-living crisis the Council adopted a temporary increase in mileage rates from the HMRC rate of 45p per mile to 50p per mile. This 5p increase came in to affect from October 22 and will run until March 23, or if before such time as the cost of fuel decreases below £1.50p per litre using HMRC rates. This was a joint Welsh protocol that the Council adopted and will be reviewed March 23 and may cease subject to the HMRC rates.

### **Shared Cost Additional Voluntary Contributions Scheme –**

The Council offers a number of employee benefits to staff such as car purchase schemes, cycle to work schemes, technology schemes and additional annual leave. In 2022 the Council adopted and is offering staff the opportunity to join a Shared Cost Additional Voluntary Contributions (SCAVC) Scheme as part of providing a new financial well-being benefit for staff. More information can be found [here](#).

## Pay Relativities within the Council

The relationship between the rate of pay for the lowest paid Council employee and that of the Council's Chief Officers is determined by the processes used for determining pay and grading structures set out in the Pay and Reward Policy. The Council's lowest paid employee is paid on spinal column point 1 of the NJC for Local Government Workers.

As part of its commitment to pay transparency, and following the recommendations of the Hutton Review, the Council will publish information on pay relativities on an annual basis in the Pay and Reward Policy. This information for **2022-23** is as follows:

Multiple of Salary	Ratio
<ul style="list-style-type: none"><li>the multiple between the annual salary of the lowest paid Council employee and the Chief Executive (full-time equivalent basis) as a ratio</li></ul>	1 : 7.3
<ul style="list-style-type: none"><li>the multiple between the annual salary of the lowest paid Council employee and the average Chief Officer (full-time equivalent basis) as a ratio</li></ul>	1 : 4.6
<ul style="list-style-type: none"><li>the multiple between median earning of Council employees and the Chief Executive (full-time equivalent basis) as a ratio</li></ul>	1 : 4.4
<ul style="list-style-type: none"><li>the multiple between median earning of Council employees and the average Chief Officer (full-time equivalent basis) as a ratio</li></ul>	1 : 2.6

Note:

- i) Column 'Ratio' provides the pay ratio as per the requirement of the Localism Act 2011
- ii) These figures exclude remuneration for appointments within organisations for which the Council provides a payroll service but is not the employer.
- iii) These figures exclude remuneration for joint appointments where the Council is not the employer

## The Gender Pay Gap

In accordance with the Equality Act (Gender Pay Gap Information) Regulations 2017, the Council is required to publish its gender pay gap information on its website and upload them onto a national Government website by 31<sup>st</sup> March each year.

Newport City Council has one of the smallest gender pay gaps from amongst local authorities in Wales and compares favourably to the national averages. Our gender pay gap report is published on the Council's transparency page each year [here](#) and will be updated in April 2023. Implications are also considered in the Strategic Equalities Annual Report.

## Alignment of Chief Officer Leave (Item 2 for approval)

### Additional Annual Leave as part of the NJC Pay award –

As part of the 2022/23 pay award negotiations for NJC staff (not chief officers) it was agreed that all NJC staff would receive one additional day leave as of the 1st April 23. Chief Officer pay awards are negotiated separately. The Chief Officer pay award included the same £1,925 increase to salaries as NJC staff, however there was no commitment to increase the leave entitlement of Chief Officers. To ensure parity it is proposed to align the one day increase in annual leave awarded to NJC staff to that of Chief Officers. For the avoidance of doubt Chief Officers in this note include our Heads of Service, Directors and Chief Executive.

As part of the Total Reward, Single Status Pay and Grading review of 2015, the Council's policy on annual leave was harmonised to ensure fairness, consistency, and ease of administration across all our staff. Currently all staff receive 25 days leave (less than 5 years' service), 29 days leave (5-10 years'

service) and 32 days leave (10+ years). The 8 statutory Bank holidays are provided in addition, previous extra non statutory bank holidays above the statutory were harmonised into leave entitlements in 2015. These three entitlements to leave will increase by one day for all NJC staff as of the 1st April 2023.

Chief Officer contracts of employment requests flexibility in their working arrangements and are not able to claim additional payment for time over and above their contracted hours. Chief Officers generally do not claim additional working time or flexi, whereas NJC staff generally have greater flexibility to utilise flexitime, standby payments and/or overtime payments. To ensure parity, fairness, administrative ease and not perpetuate any potential recruitment and retention issues, it is recommended that leave is increased for Chief Officers the same as other staff by the additional day.

There are no direct financial impacts as a result of this proposal. It is also noted that further pay request for the JNC group may request a retrospective award of this additional days leave to align with the NJC pay offer. Should this retrospection be agreed by the JNC group, Chief Officers would not receive that additional days leave if this agreement in the Council report has already been reached.

### Financial Summary (Capital and Revenue)

There are no financial implications contained in the updated *Pay and Reward Policy*, as the policy confirms the current pay and reward arrangements in place in the Council. There are no direct financial implications of aligning chief officer leave.

### Risks

Risk Title / Description	Risk Impact score of Risk if it occurs* (H/M/L)	Risk Probability of risk occurring (H/M/L)	Risk Mitigation Action(s) What is the Council doing or what has it done to avoid the risk or reduce its effect?	Risk Owner Officer(s) responsible for dealing with the risk?
Failure to comply with statutory requirement to approve and publish a "pay policy statement" on an annual basis	H	L	Produced an updated <i>Pay and Reward Policy</i> which meets the statutory requirements and which is recommended for approval by Council	Chief Executive / Head of People, Transformation and Policy

\* Taking account of proposed mitigation measures

### Links to Council Policies and Priorities

The Pay and Reward Policy forms a key part of the Council's current People and Culture Strategy. The strategy underpins the Council's Corporate Plan and strategic objectives - how employees are rewarded for their contribution is directly linked to the delivery of the council's key aims. The updated Pay and Reward Policy will ensure, when approved, that the Council complies with the statutory requirement to publish a "pay policy statement" on an annual basis.

The proposal to increase annual leave is directly linked to the Councils Leave Policy ([link](#))

### Options Available and considered

The options available are as follows:

1. For Council to agree the updated Pay and Reward Policy.
2. For Council to agree the alignment of Chief Officer Annual Leave.
3. For Council not to agree the updated Pay and Reward Policy.
4. For Council not to agree the Alignment of Annual Leave.

## **Preferred Option and Why**

For the Council to agree options 1 and 2 to meet the statutory requirements for a 'pay policy statement' to be published on an annual basis and align leave.

## **Comments of Deputy Chief Financial Officer (Assistant Head of Finance)**

The Council's budget is based on the overall pay structures in place, as outlined in the updated *Pay and Reward Policy*, with costs incurred in relation to the payment of salaries, enhanced rates and mileage being met from within existing resources. There are, therefore, no direct financial implications arising from the report, including in relation to the specific proposal to align Chief Officers' leave with that of other officers.

## **Comments of Deputy Monitoring Officer (Senior Solicitor)**

The Council has a statutory duty under Section 38 of the Localism Act 2011 to approve and publish its Pay Policy on an annual basis. The proposed Pay and Reward Policy has been prepared in accordance with the legislation and Welsh Government Guidance. There are no significant changes since last year, but pay levels have been updated in line with national pay awards and references to job titles have been amended to reflect the Council revised senior management structure. The policy has to be approved by full Council on an annual basis, in order to comply with the statutory requirements. Therefore, Cabinet will need to make a recommendation to full Council in April to retrospectively approve and adopt the final Pay and Reward Policy as from 1<sup>st</sup> April 2023. Once adopted, the Pay and Reward Policy will need to be published and the Annual Statement of Accounts will also need to include details of the remuneration of individual Chief Officers, to comply with the requirements of the Audit (Wales) Regulations.

Terms and conditions of employment of the Chief Officers is subject to agreement at full Council. The proposed alignment of annual leave is fair and reasonable.

## **Comments of Human Resources & Organisational Development Manager**

As the report author, the comments of the Head of People, Policy and Transformation (delegated to the HR& OD Manager) are contained within the main body of the report.

The report outlines how the sustainable development principle has been considered in developing the Pay and Reward policy.

## **Scrutiny Committees**

N/A

## **Fairness and Equality Impact Assessment:**

- **Wellbeing of Future Generation (Wales) Act**
- **Equality Act 2010**
- **Socio-economic Duty**
- **Welsh Language (Wales) Measure 2011**

## **Fairness and Equality Impact Assessment:**

There is no requirement for an FEIA for the annual pay policy review as this looks back on the year previous.

## **Wellbeing of Future Generations:**

The Pay and Reward Policy contributes to the well-being goals for a more equal Wales and a prosperous Wales. The policy demonstrates how employees are rewarded for their contribution to the

organisations local and national priorities and will ensure the Council complies with the statutory requirement to publish a “pay policy statement” on an annual basis.

The five ways of working have been applied when considering this proposal. The Council is required to publish a Pay Policy Statement each financial year and this updated policy meets this requirement.

Long Term - This policy provides a framework for decision making on pay and allows the Council to demonstrate its key approaches to pay and reward for employees, ensuring resources are managed effectively both in the short and longer term.

Collaborative – As part of this policy, the Council’s intention is to continue to develop collaborative working on a planned and strategic basis with local authority partners and other public and third sector organisations. In addition, the policy provides the public with the Council’s policy on all aspects of pay and reward, including senior posts and the lowest paid posts, explaining the relationship between remuneration for senior post holders and other groups.

Integration – This updated policy outlines the Council’s approach to pay and reward of its employees in the interests of openness and transparency and is in place to prevent problems and issues occurring with any decisions made in relation to public sector pay. The policy also forms a key part of the Council’s People and Culture Strategy. The strategy underpins the Council’s Corporate Plan and strategic objectives - how employees are rewarded for their contribution is directly linked to the delivery of the council’s key aims and objectives.

Involvement – This policy was developed with the involvement of key stakeholders including trade unions

Prevention – The Councils pay and reward policy will support the workforce aspirations of the Council in the future aiming to prevent any long standing workforce impact.

## **Consultation**

As outlined within the report

## **Background Papers**

Pay and Reward Policy 2022/23

Gender Pay Gap report 2021/22

Strategic Equalities Plan

Cabinet Report April 2023

**Dated: 18 April 2023**