

HUMAN RESOURCES AND COUNCIL TAX COMMITTEE

26 FEBRUARY 2024

REPORT OF ASSISTANT DIRECTOR (PARTNERSHIPS)

A.2 PAY POLICY STATEMENT 2024/25

PART 1 – KEY INFORMATION

PURPOSE OF THE REPORT

To present the Council's draft Pay Policy Statement for 2024/25 for recommendation onto Full Council for approval and adoption.

EXECUTIVE SUMMARY

The Localism Act 2011, Chapter 8 (*Pay Accountability*) Section 38 (1), requires the Council to prepare a Pay Policy Statement each year. The Pay Policy Statement must articulate the Council's approach to a range of issues relating to the pay of its workforce.

The Human Resources & Council Tax Committee has historically overseen the preparation of a draft Pay Policy Statement for recommendation onto Full Council for approval and adoption for the subsequent financial year to ensure that remuneration is set within the wider pay context, also giving due consideration to the relationship between the highest and lowest paid in the organisation.

Further matters that 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 aspects of Chief Officers' remuneration: remuneration on recruitment increases and additions to remuneration, use of performance related pay and bonuses, termination payments and transparency.

The draft Pay Policy Statement 2024/25 has been designed to give an overview of the Council's framework regarding pay and rewards for staff within the Council. This framework is based on the principle of fairness and that rewards should be proportional to the weight of each role and each individual's performance. The framework also aims to ensure the ability of the Council to recruit talented individuals whilst ensuring value for money for the residents of Tendring.

It should be noted that the Conditions of Employment with Tendring District Council, including pay, in the main, conform to those established for local government generally by the National Joint Committee (NJC). Agreements reached by the NJC are 'collective agreements'.

There is limited change reported in the 2024/25 Statement with the exception of the application of the 2023/24 pay award (*following agreement between National Employers and National*

Unions), whereby, there are further significant changes at the lower to mid-end of the pay spine, as follows: -

- With effect from 1 April 2023, an increase of £1,925 (*pro rata for part-time employees*) to be paid as a consolidated, permanent addition on all NJC pay points SCP 2 to 43 inclusive.
- With effect from 1 April 2023, an increase of 3.88 per cent on all pay points above the maximum of the pay spine (SCP 43) but graded below deputy chief officer (*in accordance with Green Book Part 2 Para 5.42*).
- With effect from 1 April 2023, an increase of 3.88 per cent on all allowances.

The latest pay award means an employee on the bottom pay point in April 2021 (earning £18,333) will have received an increase in their pay of £4,033 (22.0 percent) over the two years to April 2023.

For an employee at the mid-point of the pay spine (pay point 22), their pay will have increased over the same period by £3,850 (13.99 percent).

Further, the draft Pay Policy Statement 2024/25 includes reference to a number of updates to the Council's Allowances Policy, namely the extension of Emergency Planning payments, which now extend beyond First Call Officers to all staff supporting the authority's response in these circumstances and the allowance paid to those officers who attend Committee meetings, including the parameters in which payments are applied.

Finally, the draft Pay Policy Statement 2024/25 includes reference to updated statutory guidance with regard to Special Severance Payments.

The Human Resources and Council Tax Committee have previously requested that Senior HR Officers engage the services of the East of England Local Government Association (EELGA) to expand on the earlier Pay Review undertaken to carry out a comprehensive, service wide review of TDC's pay structure as follows: -

- Across the whole staffing establishment (*including Chief Officers*), in the context of neighbouring (District) authorities and regionally.
- In the context of professional and technical areas – this will be an extension of the work already undertaken by EELGA and will also consider those areas in which Market Forces Supplements are currently applied.

This work is underway, and once concluded, the findings and the associated recommendations for action (*if applicable*) will be presented to a future meeting of the Human Resources & Council Tax Committee.

The Committee should also note that work is underway to update the Council's Career Grade Scheme and Acting Up Policy in line with the Assistant Director - Partnerships delegations, '*to make minor amendments to Human Resources Policies and Procedures necessary as a result of legislation, national guidance or best practice*'. These policies supplement the draft Pay Policy Statement; however, they are not the subject of this report.

As soon as is reasonably practicable after approving the Pay Policy Statement, this authority must publish the Statement in such manner as it thinks fit (*which must include publication on*

the authority's website). Therefore, this Statement will be published on the Council's website following approval by Full Council in March 2024.

RECOMMENDATION(S)

That the draft Pay Policy Statement 2024/25, as set out in Appendix A, be endorsed and recommended onto Full Council for its approval and adoption.

REASON(S) FOR THE RECOMMENDATION(S)

In order to comply with the requirements of the Localism Act 2011, Sections 38 and 39 the Council must adopt and publish an annual Pay Policy Statement.

ALTERNATIVE OPTIONS CONSIDERED

There is no alternative option to consider, as this is a statutory requirement that the Council must comply with.

PART 2 – IMPLICATIONS OF THE DECISION

DELIVERING PRIORITIES

The Council's annual consideration and formal adoption of a Pay Policy Statement is part of the Council's Policy Framework and provides transparency for the residents of Tendring, therefore, contributing to the Corporate Plan 2024/28 priority of 'Financial Sustainability and Openness'.

The framework identified in the Pay Policy Statement aims to ensure the ability of the Council to recruit talented individuals, thus contributing to the Corporate Plan 2024/28 priority of 'Pride in our area and services to residents'.

LEGAL REQUIREMENTS (including legislation & constitutional powers)

Schedule 2 of Part 3 of the Constitution confirms that Full Council is responsible for the preparation and approval of a Pay Policy Statement for the upcoming financial year in accordance with Chapter 8 of the Localism Act 2011.

Sections 38 and 39 of the Localism Act 2011 require: -

- (1) A relevant authority's Pay Policy Statement must be approved by a resolution of the authority before it comes into force.
- (2) Each Statement must be prepared and approved before the end of the 31 March immediately preceding the financial year to which it relates.
- (3) A relevant authority may by resolution amend its Pay Policy Statement (*including after the beginning of the financial year to which it relates*).
- (4) As soon as is reasonably practicable after approving or amending a Pay Policy Statement, the authority must publish the Statement or the amended Statement in such manner as it thinks fit (*which must include publication on the authority's website*).

MONITORING OFFICER'S COMMENTS:

Statutory Guidance on the making and disclosure of Special Severance Payments by Local Authorities in England was published by the Department for Levelling Up Housing and Communities (DHLUC) in May 2022. The guidance was issued under Section 26 of the Local Government Act 1999 and forms part of the best value regime. The best value duty, as set out in Section 3 of the Local Government Act 1999, provides that "a best value authority must make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness". The best value duty is relevant to local authorities to deliver a balanced budget, provide statutory services and secure value for money in spending decisions. This will include decisions to make Special Severance Payments.

The guidance sets out the government's position on the use of Special Severance Payments made by local authorities. Special Severance Payments are payments made to employees, officeholders, workers, contractors, and others outside of statutory, contractual, or other requirements when leaving employment in public service. Employers may sometimes consider making such a payment in situations where the individual resigns, is dismissed, or agrees a termination of contract. Whether payments are regarded as Special Severance Payments will depend upon the individual particular circumstances, although the guidance does provide some examples for illustrative purposes only.

It is important to recognise that the guidance provides considerations for local authorities on potential Special Severance Payments in exercising its functions in accordance with the Best Value Duty and ensuring its policies are consistent with the Public Sector Equality Duty under the Equality Act 2010.

The guidance expects that any Special Severance Payments should be approved to the following process: -

- Payments of £100,000 and above approved by a vote of full council, as set out in the Localism Act 2011;
- Payments of £20,000 and above, but below £100,000, must be personally signed off by the Head of Paid Service, with a clear record of the Leader's approval and that of any others who have signed off the payment;
- Payments below £20,000 must be approved accordingly to the local authority's scheme of delegation. It is expected that local authorities should publish their policy and process for approving these payments.

As part of their duties, an authority's s.151 Officer and, where appropriate, the Monitoring Officer, should take a close interest in and be able to justify any Special Severance Payments that are made by the authority and in particular payments that are not consistent with the content of the guidance. Therefore, it will be a requirement that any decisions to award Special Severance Payments will be fully recorded and reasoned.

The approval process for any Special Severance Payment is outside of the employment procedures for disciplinary action and dismissal, which are subject to their own legislation and are summarised in the Council's Officer Employment Procedure rules, as set out in Part 5 of the Council's Constitution.

The draft Pay Policy Statement being presented to the Committee for recommendation onto Full Council for approval and adoption, states the Council has adopted Organisational Change and Redundancy and Flexible Retirement Policies, which contain provisions regarding severance payments. The draft Pay Policy Statement does not confirm whether these policies are consistent with the statutory guidance and Best Value Duty; therefore, it is recommended that these policies are reviewed to ensure compliance with our legal obligations and the government's expectations.

FINANCE AND OTHER RESOURCE IMPLICATIONS

The Conditions of Employment with Tendring District Council in the main conform to those established for local government by the NJC, commonly known as the 'Green Book'. Agreements reached by the NJC are 'collective agreements', and if they are incorporated into employees' contracts of employment, then the changes take effect automatically.

The draft Pay Policy for 2024/25 provides updated information on the Council's pay spine and remuneration arrangements.

USE OF RESOURCES AND VALUE FOR MONEY

External Audit expect the following matters to be demonstrated in the Council's decision making:

- A. Financial sustainability: how the body plans and manages its resources to ensure it can continue to deliver its services;*
- B. Governance: how the body ensures that it makes informed decisions and properly manages its risks, including; and*
- C. Improving economy, efficiency and effectiveness: how the body uses information about its costs and performance to improve the way it manages and delivers its services.*

As such, set out in this section the relevant facts for the proposal set out in this report.

The following are submitted in respect of the indicated use of resources and value for money indicators:

<p>A) Financial sustainability: how the body plans and manages its resources to ensure it can continue to deliver its services;</p>	<p>Tendring District Council recognises that in the context of managing public resources, remuneration at all levels needs to be of an adequate level in order to secure and retain high quality employees dedicated to the service of the public, whilst ensuring value for money to the public purse.</p> <p>The primary aim of the Pay Policy is to set a framework to attract, retain and motivate staff to ensure the organisation can perform at its best.</p>
<p>B) Governance: how the body ensures that it makes informed decisions and properly manages its risks, including; and</p>	<p>Publication of the annual Pay Policy Statement is a statutory requirement for the authority. In line with the Localism Act 2011 Sections 38 & 39, this must be approved by Full Council and published on the Council's website.</p>

	<p>The Council follows the transparency requirements on remuneration as set out in the Local Government Transparency Code 2015.</p> <p>The Council's annual Statement of Accounts is published on the authority's website, this includes a detailed analysis of the pay, benefits and pension entitlements for Chief Officers.</p> <p>Our transparency pages also include a full list of monthly salary information across all pay bands.</p> <p>The Council is a best value authority and must make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. The Best Value Duty is relevant to local authority duties to deliver a balanced budget, provide statutory services, and secure value for money in spending decisions. The Council must have regard to the statutory guidance on the making and disclosure of Special Severance Payments by local authorities in England (May 2022).</p> <p>Policies referring to Special Severance Payments should be reviewed to ensure consistency with the statutory guidance.</p>
<p>C) Improving economy, efficiency and effectiveness: how the body uses information about its costs and performance to improve the way it manages and delivers its services.</p>	<p>As a major employer in the district, the Council's ambition is to contribute to building a more prosperous local community by modelling good employment practices, including ensuring fairness in the way that it pays and rewards its existing and future employees.</p>
<p>MILESTONES AND DELIVERY</p>	
<p>(a) Human Resources & Council Tax Committee 26 February 2024 (b) Full Council 19 March 2024 (c) Publication to TDC Website xx March 2024</p>	
<p>ASSOCIATED RISKS AND MITIGATION</p>	
<p>By not adopting the Council's Pay Policy Statement 2024/25, the Council would be in breach of legislation, thereby risking reputational damage.</p> <p>The Council would also not be able to comply with Section 41 of the Localism Act 2011 (<i>requirement for determinations relating to terms and conditions of Chief Officers to comply with the Pay Policy Statement</i>) in appointing officers on such reasonable terms and conditions as the authority thinks fit.</p>	

OUTCOME OF CONSULTATION AND ENGAGEMENT

Full consultation has taken place with the local Unison Branch Executive and they are supportive of the proposed Statement for 2024/25 and its adoption.

EQUALITIES

The Equality Act 2010 legally protects people from discrimination in the workplace and in wider society.

In line with the Public Sector Equality Duty, public bodies such as the Council must, in the exercise of their 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.

The Council is committed to being an inclusive employer in all of its people policies and practices.

In determining the pay and remuneration of all of its employees, the Council will comply with all relevant employment legislation.

The Council ensures its pay structures, and all pay differentials can be objectively justified through the use of the NJC job evaluation mechanism (*with the exception of Chief Officer remuneration*) which directly determines the relative levels of posts in grades according to the requirements, demands and responsibilities of the role.

Since 2018, the Council has been required to publish mandatory gender pay gap reporting in order to meet the requirements of the Equality Act 2010 (*Specific Duties and Public Authorities*) Regulations 2017.

Data for the 2023/24 reporting period shows the following:

Mean* difference across Gender

**The mean is a statistical measure that is calculated by adding up all the values in a dataset and dividing the sum by the total number of values.*

The difference between the male and female mean hourly rate is £1.24.
The male mean hourly rate is 8.2% higher than the female mean hourly rate.

Median** difference across Gender

***The median is the middle number in a set of data when the data is arranged in ascending (this is more common) or descending order.*

The difference between the male and female median hourly rate is £0.15.
The male median hourly rate is 1.2% higher than the female median hourly rate.

NB: There are currently more males at Chief Officer level and 80% of apprentices included in the overall calculation are female. These factors will impact the mean calculation, making the male hourly rate higher. The median calculation does not weight these individual factors as heavily, thus reflecting a more balanced hourly rate overall.

The ratio of Male to Female at quartile level is in keeping with composition at an overall organisational level.

The Council's data demonstrates that there is no material disparity at each pay level within the organisation, when viewed within the context of the UK average of 14.3% (*for all employees, full and part time*) in 2023 (ONS October 2023).

The Council's pay gap will continue to be subject to review, in line with the reporting requirements and if any substantial gaps are identified, as the Council interprets the data, a suitable action plan will be prepared.

SOCIAL VALUE CONSIDERATIONS

The Council aims to lead by example as a major local employer. This includes following recognised best practice and keeping up to date with legislation.

Examples of this include being a Disability Confident Leader and an Employer Recognition Scheme Gold Award holder; both of these commit the authority to being an advocate in these areas.

IMPLICATIONS FOR THE COUNCIL'S AIM TO BE NET ZERO BY 2030

This report has no direct implication on the Council's aspiration to be net zero by 2030.

OTHER RELEVANT IMPLICATIONS

Consideration has been given to the implications of the proposed decision in respect of the following and any significant issues are set out below.

Crime and Disorder	N/A
Health Inequalities	N/A
Area or Ward affected	None directly.

ANY OTHER RELEVANT INFORMATION

There are no background papers associated with this report.

PART 3 – SUPPORTING INFORMATION

BACKGROUND

The Localism Act 2011 required this Council to produce a Pay Policy Statement by 31 March 2012 and every subsequent financial year thereafter.

The Human Resources & Council Tax Committee has historically overseen the preparation of a draft Pay Policy Statement for recommendation onto Full Council for approval and adoption for the subsequent financial year to ensure that remuneration is set within the wider pay context, also giving due consideration to the relationship between the highest and lowest paid in the organisation.

The draft Pay Policy 204/25 references Statutory Guidance on the making and disclosure of Special Severance Payments by Local Authorities in England which was published by the Department for Levelling Up Housing and Communities (DHLUC) in May 2022.

Special Severance Payments are additional, discretionary sums paid on top of statutory and contractual redundancy or severance terms by public sector employers in England.

In light of the Monitoring Officers comments concerning the recommended review of the Authority's Organisational Change and Redundancy and Flexible Retirement Policies (*which contain provisions regarding contractual and statutory severance payments*), having undertaken a light touch review, it is not considered that these policies require revision at this time.

PREVIOUS RELEVANT DECISIONS TAKEN BY COUNCIL/CABINET/COMMITTEE ETC.

Full Council adopted the Pay Policy Statement for 2023/24 at its meeting on 2 March 2023

BACKGROUND PAPERS AND PUBLISHED REFERENCE MATERIAL

Chief Officer Structure Chart.

APPENDICES

Appendix – Pay Policy Statement 2024/25.

REPORT CONTACT OFFICER(S)

Include here the Name, Job Title and Email/Telephone details of the person(s) who wrote the report and who can answer questions on the content.

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