

**HUMAN RESOURCES AND COUNCIL TAX COMMITTEE
24 FEBRUARY 2025**

REPORT OF HEAD OF PEOPLE

A.3 PAY POLICY STATEMENT 2025/26

PART 1 – KEY INFORMATION

PURPOSE OF THE REPORT

To present the Council's draft Pay Policy Statement for 2025/26 for recommendation onto Full Council for approval and adoption.

EXECUTIVE SUMMARY

The Localism Act 2011, Chapter 8 (Pay Accountability) Section 38 and 39, 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.

Schedule 2 of Part 3 of the Constitution confirms 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.

The Human Resources and Council Tax Committee has historically overseen the preparation of a draft Pay Policy statement for recommendation onto Full Council for approval and adoption.

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 2025/26 therefore outlines the Council's approach to remuneration, detailing policies on the pay of Chief Officers and the lowest-paid employees, the relationship between different levels of pay, and the Council's adherence to the National Pay Grades set by the National Joint Council (NJC). This framework ensures a fair and transparent approach to remuneration, including incremental progression based on service length and performance.

The statement also covers discretionary allowances for statutory and non-statutory officers, the use of market forces supplements to address recruitment and retention challenges, and the Council's policies on organisational change and redundancy payments, pay protection, and access to the Local Government Pension Scheme.

Additionally, it sets out the Council's position on the provision of mileage and subsistence payments, and its policies for overtime and standby allowances. The document also emphasises transparency and compliance with statutory regulations, including gender pay gap reporting, off-payroll working rules and severance payments.

There is limited change reported in the 2025/26 draft Statement with the exception of the implementation of the 2024/25 pay award, (*following agreement between National Employers and National Unions*) whereby, there are further, notable changes at the lower to mid-end of the pay spine,

as follows: -

Effective from 1 April 2024:

- An increase of £1,290 (pro rata for part-time employees) will be added as a consolidated, permanent addition on all NJC pay points 2 to 43.
- A 2.50% increase on all pay points above 43.
- A 2.50% increase 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 £5,323 (22.06%) over the three-year period to April 2024. For an employee at the mid-point of the pay spine (pay point 22), their pay will have increased over the same period by £5,140 (15.7%).

The document has been reviewed to ensure it remains legally compliant, reflects best practice, and maintains a high level of transparency for both staff and the residents of Tendring. Changes applied to the draft Pay Policy Statement in 2025/26 are highlighted throughout the document in red text.

The Human Resources and Council Tax Committee is requested to review and provide any comments on the draft Pay Policy Statement 2025/26 before its submission to Full Council.

As soon as is reasonably practicable after approving the draft Pay Policy Statement, this authority must publish the Statement. Therefore, this Statement will be published on the Council's website following approval by Full Council in March 2025.

RECOMMENDATION(S)

It is recommended to Human Resources & Council Tax Committee that:

the draft Pay Policy Statement 2025/26, set out in Appendix A, be recommended onto Full Council for approval and adoption.

REASON(S) FOR THE RECOMMENDATION(S)

In order to comply with the requirements of the Localism Act 2011, Section 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 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.

Local authorities are expected to publish their policy and process for approving these payments. Accordingly, the authority's draft Pay Policy Statement 2025/26 outlines the Council's statutory obligations regarding the award and approval of these payments.

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.

These policies will be subject to regular review to ensure they are consistent with statutory guidance and the authority's Best Value Duty.

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 Pay Policy for 2025/26 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 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 section 38 and 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>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 24 February 2025 (b) Full Council 25 March 2025 (c) Publication to TDC Website 30 March 2025</p>	
<p>ASSOCIATED RISKS AND MITIGATION</p>	
<p>By not adopting the Council's Pay Policy Statement 2025/26, 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 Pay Policy Statement</i>) in appointing officers on such reasonable terms and conditions as the authority thinks fit.</p>	
<p>OUTCOME OF CONSULTATION AND ENGAGEMENT</p>	
<p>Full consultation has taken place with the local Unison Branch Executive, and they are supportive of the proposed Statement for 2025/26 and its adoption.</p> <p>The annual NJC Pay Award is determined following negotiation between the National Employers and National Unions.</p>	
<p>EQUALITIES</p>	
<p>The Equality Act 2010 legally protects people from discrimination in the workplace and in wider society.</p> <p>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.</p> <p>The Council is committed to being an inclusive employer in all of its people policies and practices.</p> <p>The Council ensures its pay structures, and all pay differentials can be objectively justified through the use of the NJC job evaluation mechanism (<i>with the exception of Chief Officer remuneration</i>) which directly determines the relative levels of posts in grades according to the requirements, demands and responsibilities of the role.</p>	

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 2024/25 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 £0.81.
The male mean hourly rate is 4.8% 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 £0.36.
The female median hourly rate is 2.5% higher than the male median hourly rate.

There are currently more males at Chief Officer level which will impact the mean calculation, making the male hourly rate higher. The median calculation does not weight this factor 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 7.0%, down from 7.5% in 2023, ONS, Gender pay gap in the UK: 2024.

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

SOCIAL VALUE CONSIDERATIONS

Social Value is defined through the Public Services (Social Value) Act 2012 and requires all public sector organisations (and their suppliers) to look beyond the financial cost of a contract and consider how the services they commission and procure might improve the economic, social and environmental well-being of an area.

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
<p>The Localism Act 2011 required this Council to produce a Pay Policy Statement by 31 March 2012 and every subsequent financial year thereafter.</p> <p>Members will recall that the Human Resources and Council Tax Committee have previously requested that 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: -</p> <ul style="list-style-type: none"> • 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. <p>At its meeting on 30 July 2024, the Human Resources and Council Tax Committee reviewed the findings of the benchmarking analysis, which indicated that the majority of the Council's roles are compensated at levels comparable to similar positions within the East of England region. This alignment supports the Council's experiences with recruitment and retention, suggesting that the current pay structure is appropriately set.</p> <p>The Committee also acknowledged ongoing recruitment and retention challenges for certain professional and technical roles. To address these issues, the Council has effectively utilised the Market Forces Supplement (MFS) Scheme. The application of these supplements has been deemed appropriate and targeted towards the relevant roles.</p> <p>The outcomes of the comprehensive, service-wide review of TDC's pay structure, as requested by the Human Resources and Council Tax Committee and conducted by the East of England Local Government Association (EELGA), have been reflected in the 2025/26 Pay Policy Statement.</p>
PREVIOUS RELEVANT DECISIONS TAKEN BY COUNCIL/CABINET/COMMITTEE ETC.
<p>Full Council adopted the Pay Policy Statement for 2024/25 at its meeting on 19 March 2024. https://tdcdemocracy.tendringdc.gov.uk/documents/s65921/A7%20Appendix%20-%20Pay%20Policy%20Statement%2024-25%20FINAL%20DRAFT.pdf</p> <p>Report of the Assistant Director (Partnerships) - A.4 - Market Forces Policy Update Report https://tdcdemocracy.tendringdc.gov.uk/documents/s69087/A.4%20-%20-%20Market%20Forces%20Policy%20Update%20Report.pdf</p>
BACKGROUND PAPERS AND PUBLISHED REFERENCE MATERIAL
Chief Officer Structure Chart.

APPENDICES

Appendix – draft Pay Policy Statement 2025/26.

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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