

COUNCIL

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PAY POLICY STATEMENT 2021/2022

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Summary

This report sets out the Pay Policy Statement for the financial year 2020/2021, in accordance with the Localism Act 2011, for approval, following initial consideration by the Employment Matters Committee on 26 January 2021.

1. Budget and policy framework

- 1.1. Section 38(1) of the Localism Act 2011 (the Act) requires English and Welsh local authorities to produce a pay policy statement for each financial year.

2. Background

- 2.1. The Act requires Medway Council to compare the policies on remunerating chief officers and other employees, and to set out a policy on the lowest paid.
- 2.2. The Act defines remuneration widely, to include not just pay but also charges, fees, allowances, increases, enhancements of pension entitlements etc, and termination payments.
- 2.3. The Act does not apply to local authority schools, academies, foundation or voluntary aided schools.
- 2.4. The Pay Policy Statement for 2021/2022 for Medway Council is attached as Appendix One.
- 2.5. Guidance has been produced by the Department for Communities and Local Government and South Eastern Employers. The guidance has been considered in formulating this pay policy statement.
- 2.6. The pay policy statement must be approved by a resolution of Full Council before it comes into force and must be prepared and approved before 31 March 2021 for the following financial year. It may only be amended (including after the beginning of the financial year to which it relates) by Full Council.

2.7. Section five of the Pay Policy Statement 2021/2022 includes reference to other employment-related policies that have been agreed by the Employment Matters Committee. Any amendment to these policies that do not affect the pay policy statement will be agreed by the Employment Matters Committee as part of the normal approval process.

3. Advice

3.1. The equal application of the council's remuneration policies across all levels of the organisation as detailed within the council's Pay Policy Statement 2020/2021 is a positive reflection of the council's attitude toward rewarding and recognising staff contribution. The main exception to this would be the special allowance awarded to senior managers.

3.2. The salaries of Assistant Directors and above are published in the Statement of Accounts and on the council's website each year.

3.3. The policy statement covers remuneration policies relating to both the highest earners in the council and the lowest earners. Those covered specifically are the Chief Executive, Deputy Chief Executive, Directors, Deputy Directors, Assistant Directors, Monitoring Officer and Section 151 Officer. In terms of the lowest paid, the policy refers to those staff who are engaged at MedPay Range 1, this being the lowest range on the MedPay pay structure.

3.4. The policy statement allows for sufficient flexibility to cope with changes in circumstances (unforeseen or otherwise) by providing schemes such as those that enable a market premia payment to be made and also the scheme for awarding "acting-up" or additional duties payments.

4. Content of the Pay Policy Statement:

4.1. The following analysis highlights the matters that must be included in the Pay Policy Statement:

(i) The council's policy on the level and elements of remuneration for Assistant Directors and above. This is set out in Section two (pages 3-9) of the policy.

(ii) The council's policy on other specific aspects of chief officers' remuneration, e.g. remuneration on recruitment, increases and additions to remuneration, any use of performance related pay and bonuses, termination payments and transparency. This is also set out in Section two of the policy.

(iii) The council'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). This is set out in Section three (pages 9 - 13)

Note: Both Sections two and three set out the remuneration packages appropriate to that particular level of staff. Both sections include a table setting out the elements of the remuneration package and highlights any differences between the two levels. By comparing both tables, it can be noted that the differences are minimal. This re-enforces the message that the council does not differentiate significantly between senior and lower levels of personnel in terms of its application of pay and reward policies.

(iv) the council's policy on the relationship between the remuneration of Assistant Directors and above and other officers. This is set out in Section four (page 14).

Note: The statutory guidance advises that the way of measuring pay relationships is to use a pay multiple. Will Hutton's 2011 *Review of Fair Pay in the Public Sector* supported the idea of publishing the ratio of the pay of an organisations top earner to that of its median earner and tracking it over time. The government has recommended the adoption of such a multiple in its code of recommended practice on data transparency and has gone further in its statutory guidance on pay policy statements.

- 4.2. The pay multiple for the council, calculated on the ratio of the top earner to that of its median earner for December 2020 equates to 6.13 (6.25 at December 2019).
- 4.3. The Hutton report also recommended a separate measurement, where the top earning salary should equal no more than 20 times that of the lowest earning salary. The council's ratio at December 2020 was 11.50 (11.68 at December 2019).
- 4.4. As well as prescribing mandatory content, the Act also states that the pay policy statement:
 - (i) can be amended in-year. This is set out in Section seven (page 20)
 - (ii) must be published on the council's website. It is proposed that the policy be published on medway.gov.uk and on *Just4you*. This is set out in Section eight of the policy (pages 20 – 21).
 - (iii) must be complied with when the authority sets the terms and conditions for Assistant Directors and above.
- 4.5. Section five identifies the remuneration policies that are applied across the workforce and where there is no status distinction. Whilst not mandatory, this section has been included intentionally. By indication that the majority of reward policies apply to all employees in the same way may allay concerns about any perceived generosity of senior recruitment within the council.

5. Consultation

5.1. The Pay Policy Statement 2020/2021 has not been subject to consultation.

6. Employment Matters Committee – 26 January 2021

6.1. Members considered a report regarding the Pay Policy Statement for the financial year 2020/2021 in accordance with the Localism Act 2011 and were requested to referral it to Full Council for agreement.

6.2. The following points and questions were raised:

- **Working from home** – whether the fact that most staff were now largely working from home would affect the elements of remuneration listed in paragraph 3.25 of the Policy was questioned. The Head of HR commented that everyone working from home had been provided with the IT equipment they needed for their job. There had been some requests for additional equipment and these were assessed on a needs basis and not according to grade.
- **Essential User** – the Head of HR clarified that essential users received a set payment.
- **Additional duties/projects** – referring to paragraphs 5.27-5.30 of the Policy, how this section would capture the additional work and projects many staff had undertaken in response to the pandemic was questioned. Members were advised that where a member of staff had taken on additional duties which warranted a higher salary then they had been paid the appropriate rate.
- **Discounted Interest free loans** – in response to a question as to whether electric bikes should be included in this list, the Head of HR advised that the travel loans policy was being reviewed and they would be included.
- **Changes to Policy** – in terms of whether the Policy had changed significantly since last year, the Head of HR advised that the main changes had been around the percentage pension contributions and pay bands. There was a need to review in detail the contents of the Policy and it was noted that the Policy currently contained more than required by the Localism Act. This review would be reported to the Committee.
- **Private Medical Health Insurance** – the appropriateness of this being referenced in the policy was questioned. The Head of HR commented that she was unsure how this had come to be included but it would be investigated as part of the wider review mentioned.

6.3. The Committee agreed to note the Pay Policy Statement 2021/2022, as set out in Appendix 1 to the report, and refer it to Full Council for agreement

7. Risk management

Risk	Description	Action to avoid or mitigate risk	Risk rating
Failure to comply with s38 (1) of the Localism Act 2011	Non compliance with legislative requirements	Present the policy to EMC no later than February each year for referral to Full Council.	E3

8. Financial implications

8.1. There are no additional financial risks as the pay policy statement highlights policies that have already been agreed by Members and are in operation.

9. Legal implications

9.1. The council is statutorily bound by the Localism Act 2011 to produce this policy statement.

10. Recommendation

10.1. That the Council approves the Pay Policy Statement 2021/2022 as set out in Appendix 1 to the report.

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Appendices

Appendix 1 – Pay Policy Statement 2021/22
Appendix 2 – Diversity Impact Assessment