



Purpose: For Decision

Committee report

Committee	FULL COUNCIL
Date	21 MARCH 2018
Title	PAY POLICY
Report of	DEPUTY LEADER AND CABINET MEMBER FOR RESOURCES

EXECUTIVE SUMMARY

1. Under the Localism Act 2011, the council is required to prepare and publish a pay policy statement that is approved by Full Council by 31 March immediately preceding the financial year to which it relates.
2. The council's current pay policy, approved by Full Council at its meeting of 15 March 2017 has been updated to reflect changes in the council's arrangements during the intervening period. The proposed amendments have been included in the revised document shown at Appendix A to this report. Full Council is now being asked to approve the revised pay policy for the period 2018/19, prior to its publication.

BACKGROUND

3. The Localism Act 2011 at Chapter 20, part 1 and Chapter 8, sets out the requirement for the local authority to prepare a pay policy statement which is updated and approved each financial year. The Openness and Accountability in Local Pay: Guidance, under section 40 of the Localism Act also sets out the expected content of the document. The first statement was introduced with effect from 1 April 2012.
4. Since Full Council's approval of the current pay policy at its meeting of 15 March 2017, further revisions to the pay policy document are proposed as set out below:
 - Paragraph 5.12 – additional revised wording to provide clarification on the council's charging for car parking at work policy which makes provision for permit holders to park in any council long stay car park during normal working hours.
 - Paragraph 5.15 – following formal consultation with employees and the council's recognised trade unions; changes have been made to the traditional Christmas closedown period for office based staff. This paragraph now reflects the transfer of three traditional enforced days leave taken during the

Christmas and New Year period to the annual leave entitlement. Thus allowing the full range of services to be open to the public during this period and affording employees with the flexibility for when annual leave is taken.

- Paragraph 5.17 – provides an update on the current salary bandings upon which pension contributions are deducted.
- Paragraph 6.4 – minor changes to reflect current staff benefits available.
- Paragraph 8.3 – provides further clarification on what circumstances pay protection is applied.
- Paragraph 8.4 – provides further clarification with regards to premium payments to reflect that in exceptional circumstances such as the Isle of Wight Festival, plain time rate pay for additional time will be paid in addition to the contracted hours, if there is a valid authorised business case confirming the circumstances and the reasons why staff are unable to take time off in the normal way
- Paragraph 8.4 – the table showing premium payment rates has been updated to reflect the changes in allowances payable as a result of the annual leave changes set out in paragraph 5.15 together with further clarification on when other allowances are payable.
- Paragraph 10.1.5 – has been updated to reflect the council's intention to operate shared cost additional voluntary contributions (AVCs) through the AVC salary sacrifice scheme which will enable through its operation for National Insurance contribution and income tax savings to employees and National Insurance contribution savings for the council as the employer.
- Appendix F of the pay policy revised to reflect current number of permanent full time equivalent posts by grade.

STRATEGIC CONTEXT

6. The Localism Act 2011 sets out the statutory requirement for a local authority to establish publish and annually review a pay policy, which is approved by Full Council. Central government's transparency agenda also sets out clear expectations of local authorities to demonstrate their accountability to the local community. In addition, a key component of the council's pay policy is a commitment to equal pay for equal work for all employees and to seek to eliminate any bias in our pay systems. The production and publication of the pay policy document clearly underpins the delivery of all council priorities.

CONSULTATION

7. No formal consultation is required for the pay policy as this is a document that contains all the necessary information on the council's terms and conditions of employment and addresses the statutory requirements of the Localism Act. However, proposed amendments have been made available for consideration by the council's recognised trade unions.

FINANCIAL / BUDGET IMPLICATIONS

8. There are no direct budgetary implications arising from this report, although it is necessary to highlight that the pay policy will serve to ensure that any proposed changes to staffing are made within agreed budgetary parameters and available resources. Benchmarking is a crucial element of ongoing monitoring and review to both demonstrate cost effectiveness against other like-for-like employers as well as to maintain competitiveness within the employment market so as to avoid recruitment and retention difficulties in key posts.

LEGAL IMPLICATIONS

9. Section 38 of the Localism Act sets out the statutory requirements of what is to be included within a pay policy statement each financial year. The statement must set out an authority's policies towards a range of issues relating to the pay of its workforce, particularly its senior staff and its lowest paid employees. Section 39 sets out the requirement for a local authority's pay policy statement to be approved by a resolution of the authority (through Full Council) before it comes into force and this must be completed by 31 March immediately preceding the financial year to which it relates. This must be followed by publication on the authority's website.

EQUALITY AND DIVERSITY

10. The council, as a public body, is required to meet its statutory obligations under the Equality Act 2010 to have due regard to eliminate unlawful discrimination, promote equal opportunities between people from different groups and to foster good relations between people who share a protected characteristic and people who do not share it. The protected characteristics are: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.
11. In addition, the council is required to have due regard to its equality duties when making decisions, reviewing services, undertaking projects, developing and reviewing policies. An equality impact assessment was undertaken and offered for consideration by all relevant parties together with recognised trade unions as part of the consultation undertaken for policy introduction in 2012 and an annual refresh is undertaken to consider any impact against proposed revisions. No issues have been raised or identified as part of this process. Any changes to the terms and conditions of employment contained within the pay policy document will have an appropriate equality impact assessment undertaken at the time, together with consultation with recognised trade unions and other staff representatives prior to the amendment of the pay policy document.

OPTIONS

12. Option 1: To adopt the updated pay policy statement for 2018/19.
13. Option 2: Not to adopt the updated pay policy statement for 2018/19 and refer back to officers for further consideration.

RISK MANAGEMENT

14. The proposed revised pay policy statement sets out a clear framework through which pay spending decisions are taken. The proposed revisions serve to ensure

that all relevant aspects of terms and conditions are up to date and accurate for the public record. All changes to terms and conditions are subject to formal procedural processes and after due consultation with the council's recognised trade unions. There are no substantive changes to any terms and conditions proposed within this report.

15. There has and continues to be much media interest in council spending and there is the potential for considerable reputational damage should it not be possible for the council to justify its decision making processes with regards to pay. In addition, there is now a statutory requirement for the publication of a pay policy statement and a failure to do so within the required timescale could lead to potential prosecution and the resulting potential costs. However, it is also within the context of the council's commitment to public accountability and transparency in which it is considered that such a policy approach serves to improve confidence in the council's governance arrangements.

EVALUATION

16. There is a continued legislative requirement under the Localism Act 2011 to establish and publish a pay policy statement which is approved by Full Council each year before the 31 March immediately preceding the year to which it relates. Further revisions have been made to reflect the up to date position with regards to the council's pay and reward arrangements. In addition to the statutory guidance, consideration has also been given to the inclusion of detail relating to pay and reward for the whole workforce to offer greater openness and transparency in pay related decisions.

RECOMMENDATION

17. Option 1: To adopt the updated pay policy statement for 2018/19.

APPENDICES ATTACHED

18. [Appendix A](#) - Draft Pay Policy 2018

BACKGROUND PAPERS

19. [Equality impact assessment](#)

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