



Purpose: For Decision

Full Council Report

Date	19 JANUARY 2022
Title	PAY POLICY
Report of	CABINET MEMBER FOR STRATEGIC FINANCE, CORPORATE RESOURCES AND TRANSFORMATIONAL CHANGE

EXECUTIVE SUMMARY

1. The pay policy is updated on an annual basis to reflect any changes in the pay and conditions of Council staff. The purpose of the policy is to provide an open and transparent framework that ensures clarity, fairness and consistency in the remuneration of our workforce and in doing so will also meet the requirements of Section 38 of The Localism Act 2011, which requires local authorities to publish a pay policy statement and must be adopted by Full Council by 31 March each year immediately preceding the financial year to which it relates. This policy sets out the council's approach to the pay of its workforce for the financial year 1 April 2022 to 31 March 2023.
2. Full Council is therefore being asked to approve the updated pay policy for the period 2022/23, prior to its publication. The amendments since the last pay policy are as follows:
 - a) 5.4: Explanation that the pay award for 2021-2022 has not yet been agreed nationally so the pay within the pay policy reflects the application of a pay award of 1 April 2020-1 April 2021.
 - b) 5.12: There is an amendment to reflect the changes in charges for car parking at work for staff and councillors.
 - c) 5.17: Amendments to employee contribution bands to the Local Government Pension Scheme.
 - d) 9.4 - 9.5.6: Updated to provide the new pay ratios and gender pay gap information, which is the difference between male and female pay which needs to be reported annually.
 - e) Exit cap information in the previous pay policy has been removed in 11.2 as the previous legislation has been revoked.

- f) Appendix F of the pay policy has been revised to reflect the make-up of the workforce showing the current number of permanent full-time equivalent posts by grade.
- g) References to the fire service have been removed as the service is no longer employed by the council.

RECOMMENDATION

That Full Council approve the updated pay policy as drafted for the period 1 April 2022 – 31 March 2023.
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BACKGROUND

- 3. The Localism Act 2011 at Chapter 20, part 1 and Chapter 8, sets out the requirement to publish a pay policy each year. The council in line with their statutory requirements has undertaken an annual review since its introduction. The document provides a comprehensive overview of all the relevant terms and conditions applied to pay and remuneration and ensures that there is transparency in our approach. The council's current pay policy approved by Full Council at its meeting in January 2021 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 1.

STRATEGIC CONTEXT

- 4. 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. The pay policy falls within the council's vision priority to keep the council solvent and take all the measures we can to improve its financial position.

CONSULTATION

- 5. The draft report this year has no substantial changes, but proposed amendments will be made available for consideration by the council's recognised trade unions. 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.

FINANCIAL / BUDGET IMPLICATIONS

- 6. 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 to avoid recruitment and retention difficulties in key posts.

IMPACT ON YOUNG PEOPLE AND FUTURE GENERATIONS

7. The decisions the Council makes now not only affect current residents, but may have long term impacts, both positive and negative, on young people and future generations. These impacts may not immediately be apparent or may not emerge for a number of years or decades. Impacts will be interrelated across the various domains of young people's lives from housing, employment or training, health and the environment. The salaries set now will have a positive impact on employees of the future.

CLIMATE, ENVIRONMENT & UNESCO BIOSPHERE IMPACT

8. Showing regard to the Biosphere is wider than environmental outcomes and embeds the 17 UN sustainable development principles into the IW Biosphere and its development, linking social, cultural and environmental regard in sustainable development.
The UNESCO Biosphere objectives now shared by the Isle of Wight are to:
 - Identify, understand, protect and invest in the Island's natural and cultural assets.
 - Actively use this 'foundation capital' to shape a better, healthier, more resilient and more sustainable Island life.
 - Encourage and support the broadest possible participation in this work by freely sharing accessible information, news, ideas and opportunities, allowing anyone and everyone to join in.
9. The Pay policy directly supports the societal elements of shaping a more sustainable Island life through supporting the principles of gender equality, consideration of the living wage, reduced inequalities and decent work and economic growth for persons living and working within the IW Biosphere.
10. In respect of the Climate and Environment Strategy, the Pay policy supports reducing the number of unnecessary work journeys by car and paying to park at work bases which encourages active travel alternatives (walking and cycling) and the use of public transport.

LEGAL IMPLICATIONS

11. 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

12. 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.
13. Under the Equality Act 2010 we are required to have due regard to our 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. This revised pay policy does not negatively impact on any protected characteristic and there are no substantive changes since the last pay policy and therefore no further equality impact has been drafted.

OPTIONS

Option 1: To adopt the pay policy as drafted

Option 2: Reject the pay policy as drafted and refer back 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 and other aspects of remuneration. 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.
16. This pay policy has no substantial changes to the pay policy since the last one was approved in January 2021 and the staff pay is in line with the nationally agreed pay award. The council continues to operate within the parameters set out by its contents and as such it is not considered that there are any identifiable risks to the council in its undertaking.

EVALUATION

17. 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.
18. The pay policy can be adopted as drafted or rejected. There are no significant changes proposed to the current version. The annual pay award for 2021 is subject to national negotiation with provision having been determined as part of the budget setting process. It is therefore affordable and there are no risks associated with the option. As stated above, the 2021 pay award has not yet been agreed as part of the national collective bargaining process. This is a well-established policy and is reviewed and refreshed in line with legislative requirements on an annual basis to ensure it remains fit for purpose and is updated with any changes that have taken place. It provides a solid and transparent framework through which the council can undertake its decision making with regards to the pay and remuneration of its workforce.

APPENDICES ATTACHED

Appendix 1- Draft 2022 Pay policy

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