

# North Tyneside Council

## Report to Council

### Date: 16 March 2023

**Title:** North Tyneside Council Pay Policy 2023/24

<b>Portfolio(s):</b> Cabinet Member for Finance and Resources	<b>Cabinet Member(s):</b> Councillor Martin Rankin
<b>Report from Service Area:</b> Resources	
<b>Responsible Officer:</b> Jon Ritchie, Director of Resources	<b>Tel:</b> 0191 643 5701
<b>Wards affected:</b> All	

#### **PART 1**

##### **1.1 Executive Summary:**

The Localism Act 2011 requires all local authorities to prepare and publish a Pay Policy Statement by 31 March each year. The Act requires the statement to be approved by full Council. The purpose of the Pay Policy Statement is to set out the Authority's policies on a range of pay matters relating to the workforce, including the level of senior employees' salaries

The Pay Policy has not changed significantly during the last 12 months. The main change is to update the North Tyneside Council Living Wage, which was initially agreed by full Council on 26 November 2020. The pay multiple and the gender pay gap have been calculated as at 31 March 2022.

The Authority has a statutory duty to publish the Pay Policy Statement following the approval by full Council.

##### **1.2 Recommendation(s):**

It is recommended that Council approves the Pay Policy statement for 2023/24 and authorises publication of the Pay Policy.

##### **1.3 Forward Plan:**

Twenty-eight days' notice of this report has been given and it first appeared on the Forward Plan that was published on 13 January 2023

##### **1.4 Council Plan and Policy Framework**

This report does not directly relate to the priorities in the 2021/25 Our North Tyneside Plan.

## 1.5 Information:

### 1.5.1 Background

1.5.2 The Localism Act 2011 (“the Act”) requires all local authorities to prepare and publish a Pay Policy Statement. This statement must set out each of the Authority’s policies on a range of issues relating to its workforce, including the remuneration of its Chief Officers (as defined for the purposes of preparing a Pay Policy Statement by the Act) and the remuneration of its lowest paid employees. Pay Policy statements must be prepared for each financial year, approved by full Council, and then published.

1.5.3 The Act sets out what must be included in the Pay Policy Statement. In particular, the statement must include:

- The Authority’s definition of “lowest-paid employees” and the reasons for adopting that definition,
- The policy on remuneration of its Chief Officers including remuneration at recruitment, how pay is increased, the use of performance related pay and bonuses, termination payments and access to such information,
- The policy on remuneration of its lowest paid employees, and
- The relationship between the remuneration of senior posts and that of other employees.

In preparing the Pay Policy Statement the Authority must also have regard to the Guidance published by the Secretary of State under the Act.

1.5.4 The Pay Policy Statement attached at Appendix 1 follows the approach agreed by full Council in previous years. It takes account of the policies and processes that the Authority already has in place to manage decisions around recruitment, appointment and termination of Chief Officers and the publication of data on senior salaries to comply with the Transparency Code.

1.5.5 The Act requires Members to take a greater role in determining pay by ensuring that decisions in relation to pay are taken by those directly accountable to local people. Along with the Transparency Code, the Act’s provisions are in place to ensure that communities have access to the information they need to determine whether remuneration, particularly senior employee remuneration, is appropriate and commensurate with responsibility. In addition, the Act requires that policies on the pay and reward of the most senior employees are set clearly within the context of the pay of the wider workforce.

1.5.6 Pay Policy Statements and any amendments to them must be considered by a meeting of full Council and cannot be delegated to a committee or sub-committee. All decisions on pay and reward must comply with the current Pay Policy Statement.

1.5.7 The Pay Policy Statement must include information on the Authority’s approach to the remuneration of Chief Officers. Remuneration includes salary (for Chief Officers who are employed) or payment under a contract for services (for Chief Officers who are self-employed), expenses, bonuses, and performance-related pay as well as severance payments.

1.5.8 The Act does not require authorities to use their Pay Policy Statements to publish specific numerical data on pay and reward. However, the Authority does publish data under the Transparency Code as well as the Accounts and Audit (England) Regulations 2015. Authorities are asked in the Statutory Guidance published under the Act to consider the

opportunity this presents to put that data within the context of the Authority's agreed policies and to provide the public with clear justification of how their money is being used appropriately in the pay and reward of senior staff.

#### Areas of change to the Pay Policy Statement for 2023/24

1.5.9 The following areas of the Pay Policy Statement for 2023/24 have been amended:

- The North Tyneside Living Wage agreed at full Council on 26 November 2020 is no longer in payment as nationally negotiated payrates from 1<sup>st</sup> April 2022 superseded the pay rate agreed. When the outcome of the national pay negotiations for the pay scale from 1<sup>st</sup> April 2023 is known, the Authority aims to continue to ensure the lowest point on the pay scale is at least the Real Living Wage of £10.90 per hour. If required, this would be considered by full Council and paid by way of a supplement.
- The agreement for the pay award for 2022/2023 did however confirm that with effect from 1<sup>st</sup> April 2023 Scale Point (SCP) 1 will no longer be in use. SCP 1 is currently in use as the Grade 1 of the Authority's pay and grading structure. Therefore, from 1<sup>st</sup> April 2023 Grade 1 will no longer be in use.
- Where special severance payments are made, this is done in accordance with the Statutory guidance on the making and disclosure of Special Severance Payments by local authorities in England published in May 2022.
- The median average salary has moved from £25,770 per annum to £27,852. The pay multiple when rounded is 1:6

#### **1.6 Decision options:**

The following decision options are available for consideration by Council:

##### Option 1

Approve the Pay Policy Statement for 2023/24

##### Option 2

Not approve the Pay Policy Statement for 2023/24.

Option 1 is the recommended option.

#### **1.7 Reasons for recommended option:**

Option 1 is recommended for the following reasons:

The proposed Pay Policy Statement is a representation of how the Authority manages its current pay decisions and complies with the requirements of the Localism Act 2011.

#### **1.8 Appendices:**

Appendix: North Tyneside Council Pay Policy Statement 2023/24.

#### **1.9 Contact officers:**

Jon Ritchie, Director of Resources, Tel **019 643 5701**

Lisa Rankin, HR Manager Policy and Practice, Tel 07967 463036

## **1.10 Background information:**

The following background papers/information have been used in the compilation of this report and are available at the office of the author:

- (1) Localism Act 2011
- (2) Openness and accountability in local pay: Guidance under section 40 of the Localism Act – Department for Communities and Local Government February 2012 and the Supplementary Guidance published in February 2013.
- (3) Transparency Code – Department for Communities and Local Government February 2015.
- (4) Hutton Review of Fair Pay in the public sector March 2011.
- (5) Localism Act: Pay Policy Statements for Local Authority Chief Executives – Local Government Association and Association of Local Authorities Chief Executives (ALACE) November 2011.
- (6) Local Government and Housing Act 1989
- (7) Statutory guidance on the making and disclosure of Special Severance Payments by local authorities in England published in May 2022.

## **PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING**

### **2.1 Finance and other resources**

2.1.1 The Authority must ensure that what is agreed in its Pay Policy Statement is applied in practice and where there are financial thresholds these must be adhered to. The Medium Term Financial Plan includes assumptions regarding the national pay settlements, with any variations to be reported to Cabinet and Finance Sub-committee as they arise during 2023/24.

### **2.2 Legal**

In accordance with section 38 of The Localism Act 2011 the Authority is required to prepare a Pay Policy Statement for each financial year and must be approved by a resolution of full Council by the 31 March of each year and thereafter published by the Authority.

Section 42 of the 2011 Act is clear that the functions that relate to the approval and publication of the Pay Policy Statement is a matter for full Council and is not something that Council can delegate to a Committee.

For the purposes of Chapter 8 of the Localism Act 2011 a “Chief Officer” is defined as meaning the Head of Paid Service, Monitoring Officer, Statutory Chief Officers, non-statutory Chief Officers, and Deputy Chief Officers.

## **2.3 Consultation/community engagement**

### **2.3.1 Internal Consultation**

The relevant Cabinet Member and Elected Mayor and Senior Leadership Team have been briefed on the proposed Pay Policy Statement. The trades unions have also been consulted.

### **2.3.2 External Consultation/Engagement**

The Pay Policy Statement is a description of what the Authority applies currently as part of its Constitution, and through HR policy and process. All have been through agreed consultation channels with managers and recognised trades unions.

As part of the requirements of the Localism Act any decisions on the pay and terms and conditions of employment of the workforce must be reflected in the annual pay policy statement. National agreements cover the pay and terms and conditions of employment of the workforce and any proposed changes to these agreements would be shared and consulted on with the trades unions as part of an ongoing dialogue to comply with appropriate legal obligations on consultation.

## **2.4 Human rights**

The proposals in this report support the Authority's adherence to the principles set out in the Human Rights Act.

## **2.5 Equalities and diversity**

2.5.1 The Localism Act 2011 requires a Pay Policy Statement to be prepared for each financial year and defines the areas to be covered in the statement. The pay scale for Green Book employees is set a national level by a collective agreement and implemented locally through agreement at full Council.

2.5.2 The proposals in this report support the Authority's approach to equality and diversity. The Authority's pay and grading structures are underpinned by job evaluation schemes.

2.5.3 The use of a job evaluation scheme provides a systematic way of comparing and assessing individual jobs in an objective way to make sure that there is a fair and equal pay system in place which does not discriminate between male and female employees.

2.5.4 Tackling low pay continues to be a priority for the Authority and measures have been implemented to support this over recent years via the payment of The North Tyneside Council Living Wage. This is paid in cases where national pay rates fall short of the "Real Living Wage" as set by the Living Wage Foundation. An equality impact assessment was undertaken for this at the time when last implemented in 2021.

The Authority currently has a North Tyneside Council pay scale for Green Book posts which ensures the lowest point on the pay scale is at least the rate of the "Real Living Wage". When the outcome of the national pay negotiations for the pay scale from 1<sup>st</sup> April 2023 is known the Authority aims to continue to ensure the lowest point on the pay scale is at least the Real Living Wage which will be £10.90 per hour in April 2023.

## **2.6 Risk management**

2.6.1 The Proposals in Pay Policy Statement reflect the application of the Authority's job evaluation schemes and pay and grading structures. Any deviation from this could destabilise the pay and grading structure leading to inconsistencies and a risk of further equal pay claims against the Authority.

2.6.2 Risks around pay and grading are managed through corporate risk management responsibilities.

## 2.7 Crime and disorder

The proposals in this report do not relate to crime and disorder.

## 2.8 Environment and sustainability

There are no environmental and sustainability implications arising directly from this report.

### PART 3 - SIGN OFF

- Chief Executive  X
- Director(s) of Service  X
- Mayor/Cabinet Member(s)  X
- Chief Finance Officer  X
- Monitoring Officer  X
- Assitant Chief Executive  X