

COUNCIL	DATE 16 March 2022	ITEM NO 12
TITLE Pay Policy Statement 2022/23	WARD (S) All	
CHIEF OFFICER Director of Finance	CABINET MEMBER Finance and Resources	
DECISION CLASSIFICATION Non-exempt report Non-exempt appendix	IS THE FINAL DECISION ON THE RECOMMENDATIONS IN THIS REPORT TO BE MADE AT THIS MEETING? Yes	

1. **Decision required**

This report makes the following recommendations to the decision-maker:

- 1.1 To adopt the Pay Policy Statement for 2022/2023 as outlined at Appendix A and agree to its publication on the Council's web site.

2. **Links to the Royal Greenwich high level objectives**

- 2.1 This report relates to the Council's agreed high level objectives as follows:
- A Strong Vibrant and Well-run Borough

This report demonstrates strong governance and complying with the Localism Act 2011.

3. **Purpose of Report and Executive Summary**

- 3.1 Section 38 (1) of the Localism Act 2011 requires local authorities to produce a Pay Policy Statement for 2012/13 and for each financial year after that. The legislation relates to chief officers and introduced requirements to compare the policies on remunerating chief officers and other employees and to set out the policy on the lowest paid (reflecting the Hutton 2011 Review of Fair Pay in the Public Sector). The Act does not apply to schools.

4. **Introduction and Background**

- 4.1 The Pay Policy Statement must set out the Authority's policies for the financial year relating to:

- (a) the remuneration of its chief officers,
- (b) the remuneration of its lowest-paid employees, and
- (c) the relationship between—
 - (i) the remuneration of its chief officers, and
 - (ii) the remuneration of its employees who are not chief officers.

4.2 The Statement must contain:

- (a) the definition of “lowest-paid employees” adopted by the Authority for the purposes of the statement, and
- (b) the Authority’s reasons for adopting that definition.

The Statement must include the Authority’s policies relating to:

- (a) the level and elements of remuneration for each chief officer,
- (b) remuneration of chief officers on recruitment,
- (c) increases and additions to remuneration for each chief officer,
- (d) the use of performance-related pay for chief officers,
- (e) the use of bonuses for chief officers,
- (f) the approach to the payment of chief officers on their ceasing to hold office or to be employed by the authority, and
- (g) the publication of and access to information relating to remuneration of chief officers.

4.3 The last Statement was approved by Full Council on 31 March 2021. The approval of the Statement cannot be delegated to any sub-committee. Subsequent statements must be prepared and approved annually by 31 March, but may be amended by Full Council at any time. All decisions on pay and reward for chief officers must comply with the current pay policy statement.

4.4 A review of the 2021/22 Pay Policy Statement has been undertaken. This indicates that it still reflects current pay policy and practice. In relation to chief officers this is primarily drawn from the current pay arrangements for chief officers agreed at General Purposes Committee in July 2008. The remuneration policy for low paid staff is the adoption of the London Living Wage which was agreed by Cabinet in October 2009. It was agreed in September 2013 to sign up to the Living Wage Foundation accreditation process; and, at the same time the planned actions the Council will undertake to meet its commitments were agreed.

4.5 In February 2013, the Department for Communities and Local Government (DCLG) issued supplementary guidance on Openness and Accountability

in Local Pay. This was considered by the Council when agreeing the Pay Policy Statement for 2013/14. However, to ensure further compliance it was agreed, at the Annual Meeting (15 May 2013), that the Full Council should agree the overall pay banding for the Chief Officer structure, which would include all posts with a remuneration of £100,000 or more.

- 4.6 Furthermore it was agreed, in May 2013, that the Council should agree any specific severance packages of £100,000 or more (not including contractual obligations); and, that the General Purposes Committee, a cross Party Committee of Council, should agree the salary level, within the agreed bandings, for a post with a remuneration of £100,000 or more in relation to a specific appointment, prior to the commencement of the recruitment process.
- 4.7 The Restriction of Public Sector Exit Payments Regulations 2020 came into force on 4 November 2020 and set a £95,000 cap on exit payments for public sector employers. On 19 March 2021, the Regulations were revoked. The Government indicated that new Regulations will be introduced “at pace” but so far they have not been published.
- 4.8 The legislation under which the Regulations were made is the Small Business, Enterprise and Employment Act 2015. In section 153, the public sector exit pay cap is stated as £95,000. On 25 February 2021, Full Council agreed to reduce their threshold for agreeing specific severance packages from £100,000 to any package which exceeds the limit of £95,000 (not including permitted contractual obligations) in the 2015 Act. This was intended to be consistent with any new regulations which are introduced following the Government’s announcement last year. Further changes may need to be made to the Pay Policy and the Council’s Constitution once the new Regulations are introduced.
- 4.9 Apart from this, there are no proposed changes to the Pay Policy Statement for 2022/23. The pay multiple between its highest paid employees and the median of all Royal Borough employees (excluding schools) has been calculated and has increased from 2020/2021.
- 4.10 The Pay Policy Statement uses the median (rather than the average) to ensure consistency with the information published under the Code of Practice for Pay Transparency. This figure has been recalculated (as per the December 2021 pay period) and the multiple between the highest paid employee and the median pay of employees is 6.46. This is up from 6.10 in December 2020.

5. **Available Options**

5.1 Adopt the Pay Policy Statement for 2022/2023 as outlined at Appendix A and agree to its publication on the Council’s web site.

5.2 Adopt the Pay Policy Statement for 2022/23 with different wording in order to meet the 31 March 2022 statutory deadline.

6. **Preferred Option**

6.1 Adopt the Pay Policy Statement for 2022/2023 as outlined at Appendix A and agree to its publication on the Council’s web site.

7. **Reasons for Recommendations**

7.1 The Localism Act 2011 requires the Council to prepare a Pay Policy Statement for each financial year. It must be approved by a resolution of the Council before it comes into force, it must be prepared and approved before 31 March and it must be published in such manner as the Council thinks fit which must include publication on the website.

8. **Next Steps: Communication and Implementation of the Decision**

8.1 If Council adopt the Pay Policy Statement 2022/2023 it will be published to the Council’s website.

9. **Cross-Cutting Issues and Implications**

Issue	Implications	Sign-off
Legal including Human Rights Act	The Localism Act 2011 requires the Council to prepare a Pay Policy Statement for each financial year. It must be approved by a resolution of the Council before it comes into force, it must be prepared and approved before 31 March and it must be published in such manner as the Council thinks fit (which must include publication on the website). Section 40 of the Act includes provision for the Secretary of State to issue guidance on the content and	John Scarborough, Director of Legal & HR, 4 March 2022

application of pay policy statements. Councils must have regard to this guidance in the exercise of their functions under the pay policy. In this regard Guidance was issued in February 2013. The Guidance is statutory guidance, and although it is not law, the Council will need to demonstrate good reasons for departing from it. Failure to do so is likely to result in successful legal challenge. The Guidance advises that Full Council should be given the opportunity to vote before salaries or severance payments of £100,000 or more are agreed.

However, as section 41 says that in making a decision which relates to the remuneration of or other terms and conditions applying to a chief officer, the Council must comply with its pay policy statement for the financial year, Members have concluded that, having careful regard to the Guidance, a sensible approach is as set out below, bearing in mind that in making any decision, General Purposes Committee must by law comply with the pay policy statement set by Full Council.

Council has therefore agreed that: Full Council agrees the overall pay banding for the Council's Chief Officer structure which includes all posts with a remuneration of £100,000 or over and also agrees specific severance packages which exceed the limit of £95,000 set out in the Small Business, Enterprise

	<p>and Employment Act 2015 (not including permitted contractual obligations).</p> <p>General Purposes Committee agrees the salary level for a post with a remuneration of £100,000 or over in relation to a specific appointment.</p>	
Finance and other resources	There are no new direct financial consequences arising from the adoption of the proposed Pay Policy Statement.	<p>Michael Bate Assistant Director of Corporate Finance 4 March 2022</p>
Equalities	<p>Members are reminded of the requirement under the Public Sector Equality Duty (s149 of the Equality Act 2010) to have due regard to (i) eliminate unlawful discrimination, harassment, victimisation and other conduct prohibited by the Act, (ii) advance equality of opportunity between people from different groups, and (iii) foster good relations between people from different groups. The impact of the decisions recommended through this report have been analysed and are considered to be neutral. This is because the Pay Policy Statement 2021/22 will apply to all employees regardless of protected characteristics.</p> <p>All decisions are taken with due regard to the Council's Equality and Equity Charter and the Council's Equality Objectives 2020-2024, including the impact of the application of its policies and procedures on underrepresented groups. Gender and Ethnicity pay gap</p>	<p>Kelly Scotford Assistant Director of Finance 11/02/2022</p>

	reporting, and the HR dashboards monitor trends and other analysis in support of intervention to mitigate disproportion impact.	
Climate change	This report does not have any implications to the Greenwich Carbon Neutral Plan agreed by Cabinet on 18 November 2020.	Kelly Scotford Assistant Director of Finance 11/02/2022
Staffing establishment	<p>Review and application of the Council's Pay Policy statement is an essential component to ensuring fairness and transparency in regard to pay and reward across the workforce.</p> <p>Other mechanisms in place to ensure and monitoring equality and equity in pay include gender and ethnicity pay gap reporting completed annually, supported by other pay analysis exercises which are monitored and reported through the HR workforce dashboards. Job roles within the council are independently evaluated in line with the GLPC job evaluation scheme to ensure fair and consistent remuneration of job roles within the Council.</p> <p>Recruitment, including the setting of salaries for Chief Officer roles, is undertaken in compliance with the Council's Pay Policy statement.</p>	Steph Mills, Head of Human Resources, 4th March 2022

10. **Report Appendices**

10.1 The following documents are to be published with and form part of the report:

- Appendix A: Pay Policy Statement for 2022/2023

11. **Background Papers**

None

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