

# Report

## Cabinet

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### Part 1

Date: 6 March 2024

**Subject** Pay and Reward Policy 2024/25

**Purpose** To brief Cabinet on the annual Pay and Reward policy

**Author** HR and OD Manager

**Ward** N/A

**Summary** The Localism Act 2011 requires English and Welsh local authorities to produce a “pay policy statement” on an annual basis. The legislation outlines a number of statutory requirements which must be included in any pay policy statement.

The Pay and Reward Policy outlines the current position in respect of pay and reward within the Council. It will be reviewed and reported to Council on an annual basis to ensure it meets the principles of fairness, equality, accountability, and value for money for the authority and its residents.

The Pay and Reward Policy 2024/25 has been reviewed and no changes are proposed this year outside of the normal increases in values. It should be noted that amendments have been made to some provision in 2023/24 with the appropriate agreement, these amendments are reported to cabinet and subsequently Council. This statement will come into immediate effect once fully endorsed by Council.

**Proposal** Cabinet are asked to review and recommend to Council the Pay and Reward Policy in order to meet the statutory requirement for a pay policy statement to be approved and published by Council on an annual basis.

**Action by** Chief Executive/Head of People, Policy and Transformation

**Timetable** Immediate

This report was prepared after consultation with:

- Deputy Monitoring Officer – Assistant Head of Legal Services
- Section 151 Officer - Head of Finance

**Signed**

## Background

The Localism Act 2011 requires English and Welsh local authorities to produce a 'pay policy statement' on an annual basis. Items which must be included in the statutory pay policy statement are as follows:

- A local authority's policy on the level and elements of remuneration for each chief officer
- A local authority'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)
- A local authority's policy on the relationship between the remuneration of its chief officers and other officers
- A local authority's policy on other specific aspects of chief officers' remuneration: remuneration on recruitment, increases and additional to remuneration, use of performance-related pay and bonuses, termination payments, and transparency.

The Act also specifies that the pay policy statement:

- must be approved on an annual basis formally by the full Council meeting (the responsibility cannot be delegated to Cabinet or a sub-committee)
- can be amended in-year
- must be published on the authority's website (and in any other way the authority chooses)
- must be complied with when the authority sets the terms and conditions for a chief officer.

The Act requires an authority to have regard to any statutory guidance on the subject issued or approved by the Secretary of State or Welsh Ministers. The Welsh Government issued statutory guidance on "*Pay Accountability in Local Government in Wales*" in March 2012 and the Public Services Staff Commission published further supplementary guidance in December 2016.

## Pay and Reward Policy

The Council recognises that, in the context of managing scarce public resources, remuneration at all levels needs to be adequate to secure and retain high quality employees dedicated to the service of the public; but at the same time needs to avoid being unnecessarily generous or otherwise excessive pay and reward.

The Council's Pay and Reward Policy, initially approved in March 2012, was developed to meet the statutory requirements contained in the Localism Act 2011. However, in the spirit of transparency, the Council took the opportunity to take a wider view and include information relating to school-based employees. Local authority schools are specifically excluded from the Localism Act's statutory requirements. However, as employees in community maintained and voluntary controlled schools are employees of the Council, reference has been made to school-based employees within the Pay and Reward Policy. It is recognised that the pay decisions for these employees are delegated to school Governing Bodies by legislation and that each school is responsible for publishing its own Pay Policy. For the avoidance of doubt, the relevant school Pay Policies are the definitive version of policy for school-based staff engaged by the governing body of the respective school.

Subject to approval by full Council, to meet the requirements of the Localism Act, the Pay and Reward Policy attached will be published on the Council's website. In addition, in accordance with the provisions of Accounts and Audit (Wales) Regulations 2005, the Council's Annual Statement of Accounts will include a note setting out salary and remuneration information for Council posts where the full-time equivalent salary is at least £60,000.

## Updates since April 2023 (last pay policy approval)

### **Pay Awards –**

During 2023/24 financial year all pay awards were agreed nationally and implemented by the council. Some of the pay awards were subject to national negotiation and some strike action took place which meant the council was unable to implement the proposed pay awards at the point they were effective. However, subsequent and later agreement was reached between each negotiating body and where applicable back pay was processed for the retrospectively agreed pay awards.

Where a pay structure falls below the Foundation Living Level, the Council applies, and increases pay with a supplement to ensure all of our workforce receive at least the Foundation Living Wage (FLW) level each April. Often this supplement is not required as the bottom points of the pay structure are above the FLW level, however in previous years, given pay awards have been agreed retrospectively and back dated, sometimes this can mean that the national agreement on pay is delayed, and the supplement is paid whilst negotiation continues. If this is the case in 2024/25 then the Council will implement the supplement until such time as the 2024/25 pay awards are agreed. This has been common practice for the council for a number of years.

### **Apprentice Pay -**

In September 2023 the Cabinet Member for Organisational Transformation considered a report to increase the rate of pay for apprentices employed by the council which was approved. The rate of pay for all Council apprentices will follow the Foundation Living Wage level, reaffirming the council's commitment to maintaining living wage levels.

### **Pay Relativities within the Council**

The relationship between the rate of pay for the lowest paid Council employee and that of the Council's Chief Officers is determined by the processes used for determining pay and grading structures set out in the Pay and Reward Policy. The Council's lowest paid employee is paid on spinal column point 1 of the NJC for Local Government Workers (or the rate of the FLW if applicable).

As part of its commitment to pay transparency, and following the recommendations of the Hutton Review, the Council will publish information on pay relativities on an annual basis in the Pay and Reward Policy. This information for **2023-24** is as follows:

<b>Multiple of Salary</b>	<b>Ratio</b>
• the multiple between the annual salary of the lowest paid Council employee and the Chief Executive (full-time equivalent basis) as a ratio	1 : 6.8
• the multiple between the annual salary of the lowest paid Council employee and the average Chief Officer (full-time equivalent basis) as a ratio	1 : 4.6
• the multiple between median earning of Council employees and the Chief Executive (full-time equivalent basis) as a ratio	1 : 5.0
• the multiple between median earning of Council employees and the average Chief Officer (full-time equivalent basis) as a ratio	1 : 3.4

Note:

- i) Column 'Ratio' provides the pay ratio as per the requirement of the Localism Act 2011
- ii) These figures exclude remuneration for appointments within organisations for which the Council provides a payroll service but is not the employer.
- iii) These figures exclude remuneration for joint appointments where the Council is not the employer

## The Gender Pay Gap

In accordance with the Equality Act (Gender Pay Gap Information) Regulations 2017, the Council is required to publish its gender pay gap information on its website and upload them onto a national Government website by 31<sup>st</sup> March each year.

Newport City Council has traditionally had one of the smallest gender pay gaps from amongst local authorities in Wales and compares favourably to the national averages. Our gender pay gap report is published on the Council's transparency page each year [here](#) and will be updated in April 2024. Implications are also considered in the Strategic Equalities Annual Report.

## Financial Summary (Capital and Revenue)

There are no financial implications contained in the updated *Pay and Reward Policy*, as the policy confirms the current pay and reward arrangements in place in the Council and is retrospective to the in year changes being reported for 2023/24.

## Risks

<b>Risk Title / Description</b>	<b>Risk Impact score of Risk if it occurs* (H/M/L)</b>	<b>Risk Probability of risk occurring (H/M/L)</b>	<b>Risk Mitigation Action(s)</b> What is the Council doing or what has it done to avoid the risk or reduce its effect?	<b>Risk Owner</b> Officer(s) responsible for dealing with the risk?
Failure to comply with statutory requirement to approve and publish a "pay policy statement" on an annual basis	H	L	Produced an updated <i>Pay and Reward Policy</i> which meets the statutory requirements and which is recommended for approval by Council	Chief Executive / Head of People, Transformation and Policy

\* Taking account of proposed mitigation measures

## Links to Council Policies and Priorities

The Pay and Reward Policy forms a key part of the Council's newly adopted People Plan 2023-28. The strategy underpins the Council's Corporate Plan and strategic objectives - how employees are rewarded for their contribution is directly linked to the delivery of the council's key aims. The updated Pay and Reward Policy will ensure, when approved, that the Council complies with the statutory requirement to publish a "pay policy statement" on an annual basis.

## Options Available and considered

The options available are as follows:

1. For Cabinet to agree to recommend the updated Pay and Reward Policy to full Council for approval.
2. For Cabinet not to agree to recommend the updated Pay and Reward Policy to full Council for approval.

## Preferred Option and Why

For the Cabinet to agree option 1 to meet the statutory requirements for a 'pay policy statement' to be published on an annual basis and align leave.

## Comments of Chief Financial Officer (Head of Finance)

The Council's budget is based on the overall pay structures in place, as outlined in the updated *Pay and Reward Policy*, with costs incurred in relation to the payment of salaries, enhanced rates and mileage being met from within existing resources. There are, therefore, no direct financial implications arising from the report.

## **Comments of Deputy Monitoring Officer (Assistant Head of Legal Services)**

The Council has a statutory duty under Section 38 of the Localism Act 2011 to approve and publish a statement on its Pay Policy on an annual basis and must have regard to the guidance produced by the Welsh Government in relation to this. The requirements of what the statement must contain are set out above. The policy must be approved by full Council on an annual basis and before 31<sup>st</sup> March before the financial year to which it relates in order to comply with the statutory requirements; therefore, once the Cabinet has approved a policy, it will need to be referred to full Council for adoption. Once adopted, the Pay and Reward Policy will need to be published and the Annual Statement of Accounts will also need to include details of the remuneration of individual Chief Officers, to comply with the requirements of the Audit (Wales) Regulations.

## **Comments of Head of People, Policy & Transformation**

The comments of the Head of People, Policy and Transformation are considered within the main body of the report. The report outlines how the sustainable development principle has been considered in developing the Pay and Reward policy.

## **Scrutiny Committees**

N/A

## **Fairness and Equality Impact Assessment:**

- **Wellbeing of Future Generation (Wales) Act**
- **Equality Act 2010**
- **Socio-economic Duty**
- **Welsh Language (Wales) Measure 2011**

## **Fairness and Equality Impact Assessment:**

There is no requirement for an FEIA for the annual pay policy review as this looks back on the year previous and is subject to national negotiations.

## **Wellbeing of Future Generations:**

The Pay and Reward Policy contributes to the well-being goals for a more equal Wales and a prosperous Wales. The policy demonstrates how employees are rewarded for their contribution to the organisations local and national priorities and will ensure the Council complies with the statutory requirement to publish a “pay policy statement” on an annual basis.

The five ways of working have been applied when considering this proposal. The Council is required to publish a Pay Policy Statement each financial year and this updated policy meets this requirement.

Long Term - This policy provides a framework for decision making on pay and allows the Council to demonstrate its key approaches to pay and reward for employees, ensuring resources are managed effectively both in the short and longer term.

Collaborative – As part of this policy, the Council’s intention is to continue to develop collaborative working on a planned and strategic basis with local authority partners and other public and third sector organisations. In addition, the policy provides the public with the Council’s policy on all aspects of pay and reward, including senior posts and the lowest paid posts, explaining the relationship between remuneration for senior post holders and other groups.

Integration – This updated policy outlines the Council’s approach to pay and reward of its employees in the interests of openness and transparency and is in place to prevent problems and issues occurring with any decisions made in relation to public sector pay. The policy also forms a key part of the Council’s People and Culture Strategy. The strategy underpins the Council’s Corporate Plan and strategic objectives - how employees are rewarded for their contribution is directly linked to the delivery of the council’s key aims and objectives.

Involvement – This policy was developed with the involvement of key stakeholders including trade unions

Prevention – The Councils pay and reward policy will support the workforce aspirations of the Council in the future aiming to prevent any long standing workforce impact.

## **Consultation**

As outlined within the report

## **Background Papers**

Pay and Reward Policy 2023/24

Gender Pay Gap report 2022/23

Strategic Equalities Plan

People Plan 2023-28

**Dated: 28 February 2024**