



**Report for:**  
**ACTION**

**Item Number:**

<b>Contains Confidential or Exempt Information</b>	<b>NO.</b>
<b>Title</b>	Pay Policy Statement 2020-2021
<b>Responsible Officer(s)</b>	Liz Chiles, Director of HR & OD
<b>Author(s)</b>	Andrew Scully, HR Business Partner and Head of HR Operational Services
<b>Portfolio(s)</b>	Councillor Bassam Mahfouz, Finance and Leisure
<b>For Consideration By</b>	Full Council
<b>Date to be Considered</b>	Tuesday 25 <sup>th</sup> February 2020
<b>Implementation Date if Not Called In</b>	Not applicable
<b>Affected Wards</b>	None
<b>Keywords/Index</b>	Localism Act 2011, Pay Policy Statement, Policy Statement, Accounts and Audit (England) Regulations 2015; Local Government Transparency Code 2015; Accounts and Audit (England) Regulations 2015; real Living Wage (rLW); London Living Wage (LLW).

**Purpose of Report:**

Chapter 8 of the Localism Act 2011 (the “Act”) contains the requirement for an annual Pay Policy Statement to be approved by Full Council and then published. Publication must include publication on the Council’s website.

**1. Recommendations**

1. That Full Council approve the attached Pay Policy Statement (appendix 1) and note the supporting appendices 2, 3, 4 and 5;
2. That Full Council approve a policy, for 2020-21, to pay the real Living Wage (rLW) formerly known as the London Living Wage (LLW) rate or above to direct employees (whether permanent or fixed term) and to ensure agency workers are paid the rLW. The rLW will be paid for the time periods during which employees are carrying out what might be described as (for example) the normal duties of the post. However, it will not be paid for the time periods on which employees are on a standby shift, or a sleep-in shift, and not carrying out the normal duties of the post;
3. That Full Council note that decisions on proposed remuneration packages of £100,000 and above will be determined by Chief Officer Panel, in accordance with their existing terms of reference; and
4. That Full Council commend to Governing Bodies of Schools that they

consider paying the rLW rate to schools based employees (whether permanent or fixed term) and to agency workers working in Schools;

### **Reason for Decision and Options Considered**

2.1. The Act requires Full Council to approve a Pay Policy Statement for the financial year 2020-21. It will also require a Pay Policy Statement to be approved for each future year.

2.2. The Pay Policy Statement (appendix 1) and supporting appendices 2, 3, 4 and 5 meets the requirements of the Localism Act 2011 and the Local Government Transparency Code 2015 and the Accounts and Audit (England) Regulations 2015.

2.3. The Act requires that authorities include in their Pay Policy Statement, their approach to the publication of and access to information relating to the remuneration of chief officers. The Council already publishes information on its public website. This is set out in the Pay Policy Statement.

2.4. Full Council is asked to approve a policy, for 2020-21, to pay the real Living Wage {rLW} [formerly known as the London Living Wage (LLW)] rate or above to direct employees, agency and temporary workers, note that the Council has obtained Living Wage accreditation.

2.5. The Pay Policy Statement is substantially unchanged except for the implications of the announced increase in the rLW on Monday 11<sup>th</sup> November 2019 to £10.75 per hour from £10.55 per hour as described in paragraph 3.9. below.

## **2. Key Implications**

### **Localism Act 2011 and Pay Policy Statement.**

3.1. The Act requires Full Council to approve a Pay Policy Statement for the financial year 2020-21.

3.2. Full Council should note that the provisions of the Act do not apply to staff in the local authority's schools.

3.3. The Act states that:

*“A pay policy statement for a financial year must set out the authority's policies for the financial year relating to: -*

*the remuneration of its chief officers*

*the remuneration of its lowest-paid employees,*

*and*

*the relationship between—*

*(i) the remuneration of its chief officers, and*

*(ii) the remuneration of its employees who are not chief officers.*

3.4. Furthermore the Act specifies that: -

*“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 under or to be employed by the authority; and*
- (g) the publication of and access to information relating to remuneration of chief officers.*

3.5. In addition the Act states that: -

*“A pay policy statement for a financial year may also set out the authority’s policies for the financial year relating to the other terms and conditions applying to the authority’s chief officers”*

3.6. Guidance produced under section 40 of the Act recommends that a pay multiple is included in these statements as a way of illustrating the authority’s approach to pay dispersion.

Furthermore Full Council is asked to note that the Local Government Transparency Code 2015 requires the publication of a pay multiple on the authority’s website defined as: -

*“the ratio between the highest paid taxable earnings for the given year (including base salary, variable pay, bonuses, allowances and the cash value of any benefits in kind) and the median earnings figure of the whole of the authority’s workforce”*

The pay multiple as at 31<sup>st</sup> December 2019 is 5.55. This is well within what is regarded as good practice as described by Will Hutton\* in his 2011 Fair Pay Review in the Public Sector which identified acceptable multiples at or around 8.00.

*\*\** William Nicolas Hutton is a British political economist, academic administrator, and journalist. He is currently Principal of Hertford College, University of Oxford, and Chair of the Big Innovation Centre, an initiative from the Work Foundation, having been chief executive of the Work Foundation from 2000 to 2008. In May 2010 Will Hutton was appointed to lead an inquiry into cutting top public pay by Prime Minister, David Cameron”.

3.7. The Act and Guidance make reference to remuneration packages of £100,000 and above and Full Council are asked to note that decisions on proposed remuneration packages of £100,000 and above will be determined by Chief Officer Panel (COP), in accordance with their existing terms of reference. Government guidance is that full council takes decisions about remuneration packages of £100,000 per year or more (as well as severance packages of £100,000 or more).

## **Real Living Wage (rLW) formerly known as the London Living Wage (LLW).**

3.8. London has had a Living Wage campaign since 2001. Since March 2005 it has been independently calculated and published by the Greater London Authority (GLA). The real Living Wage {rLW} formerly known as the London Living Wage (LLW) in London is currently £10.75 per hour announced on Monday 11<sup>th</sup> November 2019 (£10.55 per hour prior to the 11<sup>th</sup> November 2019 increase) which is higher than the National Minimum Wage (NMW) and represents the minimum reasonable rate of pay in the Capital. The rLW will be paid for the time periods during which employees are carrying out what might be described as (for example) the normal duties of the post. However, it will not be paid for the time periods on which employees are on a standby shift, or a sleep-in shift, and not carrying out the normal duties of the post.

3.9. In 2019-20 as a direct employer of staff the Council met the requirements of paying the rLW by means of implementing the Pay Policy Statement for 2019-20, with no employee paid on the Greater London Provincial Council (GLPC) or other (i.e. Soulbury) pay spines falling below the rLW.

3.10. Where the contractual entitlement to salary for a post is lower than the rLW, then the proposal is that, for 2020-21, the difference be paid as a discretionary supplement. Employees will not receive a contractual guarantee that the supplement will continue indefinitely. Prior to 1 April in each subsequent financial year, the Council should make a decision as to whether the supplement will be paid in that forthcoming year or not. The supplement can also be withdrawn by the Council during a financial year. This arrangement has been applied in previous years and in previous Pay Policy Statements.

3.11. Full Council is asked to approve continuation of a policy, for 2020-21, that no employee or agency worker is paid less than the real Living Wage (rLW). This policy will be reviewed annually and determined each year by full council.

3.13. For schools based employees it is up to each school to decide whether to adopt the rLW. Full Council is asked to commend to Governing Bodies that they consider paying the rLW rate to schools based employees (whether permanent or fixed term) and to agency workers working in schools.

## **Financial**

4.1. The Pay Policy Statement 2020-21 will have no impact on current budgets.

4.2. The 2019-20 Pay Policy Statement mentioned that it was conceivable that the real Living Wage could rise during 2019-2020 (see section headed "Low Pay"). This did happen. A new rate for rLW is likely to be announced in October/November 2020, however, this is set by an external organisation, the Living Wage Foundation, and the likely increase is not known at this time.

## **5. Legal**

5.1. Full Council has to comply with the requirements contained in the Localism Act 2011 which require Full Council to approve a Pay Policy Statement for the financial year 2020-2021 and in future years and must have regard to any guidance issued or approved by the Secretary of State. The Council must also comply with its obligations under the Accounts and Audit (England) Regulations 2015 and the Local Government Transparency Code.

5.2. The Act contains a definition of “chief officer” which is set out in the proposed policy.

5.3. The Act also contains a requirement that the Council must decide upon a definition of “lowest paid employees” and must set out the reasons for that decision.

5.4. The proposed statement complies with the statutory requirements for pay policy statements as set out in the Localism Act 2011.

5.5. As per s112 of the Local Government Act 1972, the remuneration of employees may be such reasonable remuneration as the Council thinks fit.

5.6. The Council does not have an unfettered discretion to pay any amount of remuneration whatsoever. It must not pay a salary which is unreasonably high. It must ensure that it does not make payments to employees which could be seen as “gifts” (subject to certain specific, narrow exceptions).

5.7. It is not unlawful for the Council to approve a policy of always paying at least the rLW to any employee, even where that salary exceeds the recommended salary arrived at by the use of a job evaluation scheme. This is subject to the proviso that the rLW must not be a salary which is unreasonably high for the post in question.

5.8. If the Council having considered any factors which might appear relevant, decided that it was reasonable to ensure, for the year 2020-21, that no employee received a lower rate of pay, then that would not be an irrationally generous approach to determining the salary of its lowest paid employees for 2020-21.

5.9. Where the contractual entitlement to salary for a post is, for any reason, lower than the rLW, then the proposal is that, for 2020-21, the difference be paid as a discretionary supplement. Employees will not receive a contractual guarantee that the supplement will continue indefinitely. Prior to 1 April in each subsequent financial year, the Council should make a decision as to whether the supplement will be paid in that forthcoming year or not. The supplement can also be withdrawn by the Council during a financial year.

## **6. Value For Money**

6.1. None.

## **7. Sustainability Impact Appraisal**

7.1. None.

## **8. Risk Management**

8.1. None.

## **8. Community Safety**

9.1. None.

## **10. Links to the Priorities for the Borough**

10.1. The council's administration has three key priorities for Ealing. They are:

- Good, genuinely affordable homes
- Opportunities and living incomes
- A healthy and great place

A fair and progressive Pay Policy helps motivate and support officers in their work for and on behalf of the council

## **11. Equalities, Human Rights and Community Cohesion**

11.1. An Equality Analysis Assessment was undertaken when the Pay Policy Statement for 2012-13 was produced and was attached to the report on the Pay Policy Statement submitted to Council on Tuesday 3rd April 2012 and an Equality Analysis Assessment was undertaken when the London Living Wage was agreed by Cabinet on Tuesday 23<sup>rd</sup> October 2012. An updated Equality Analysis Assessment is attached at appendix 5.

## **12. Staffing/Workforce and Accommodation implications:**

12.1. Throughout.

## **13. Property and Assets**

13.1. No property implications.

## **14. Any other implications:**

14.1. None.

## **15. Consultation**

15.1. None.

## **16. Timetable for Implementation**

16.1. After Full Council approval publication of Pay Policy Statement for the financial year 1<sup>st</sup> April 2020 to 31<sup>st</sup> March 2021 on the Council's website.

## **17. Appendices**

Appendix 1 - Ealing Council Pay Policy Statement for the year 1<sup>st</sup> April 2020 to 31<sup>st</sup> March 2021;

Appendix 2 - Ealing Council Pay Policy Statement for the financial year 1<sup>st</sup> April 2020 to 31<sup>st</sup> March 2021 Salary Rates from 1<sup>st</sup> April 2019;

Appendix 3 - Ealing Council Policy Statement Local Government Pension Scheme Discretions Policy 2015;

Appendix 4 - Ealing Council Pay Policy Statement for the financial year 1<sup>st</sup> April 2020 to 31<sup>st</sup> March 2021 – Pay Protection arrangements as at 12<sup>th</sup> February 2013;

Appendix 5 - Ealing Council Pay Policy Statement for the financial year 1<sup>st</sup> April 2020 to 31<sup>st</sup> March 2021 – Equality Analysis Assessment.

## **18. Background Information**

Localism Act 2011;

Account and Audit (England) Regulations 2015;

Local Government Transparency Code 2015;

Hutton Review of Fair Pay in the Public Sector: Final report (March 2011);

Local Government Pension Scheme – Discretions Policy, Ealing Council 2015.

### Consultation

<b>Name of consultee</b>	<b>Post held</b>	<b>Date sent to consultee</b>	<b>Date response received</b>	<b>Comments appear in paragraph:</b>
<b>Internal</b>				
Paul Najsarek	Chief Executive	09012020		
Liz Chiles	Director of HR & OD	09012020		
Helen Harris	Director of Legal and Democratic Services	09012020	04.02.2020	3.6 & 10 of the report, page 6 of appendix 1 and page 11 of appendix 3
Ross Brown	Director of Finance (Deputy Section 151 Officer)	09012020		
Julian Bell	Leader	27012020		
Bassam Mahfouz	Cabinet Member for Finance and Leisure	27012020		
Sam Bailey	Head of Democratic Services	09012020		

### Report History

<b>Decision type:</b>	<b>Urgency item?</b>
Key decision	No
Report no.: Andrew Scully, HR Business Partner. 020-8825-6930. ScullyA@ealing.gov.uk	