

**Personnel Committee 22 January 2024**

**Pay Policy Statement and Living Wage (LW) 2024/2025**

**1. Purpose of the report**

- 1.1 To gain Personnel Committee approval for the updated Pay Policy Statement 2024/2025 (appendix 1); including the decision to pay the revised recommended Real Living Wage (RLW) rate with effect from 01 April 2024 (appendix 2), prior to the policy being considered by Full Council.

**2. Recommendations**

- 2.1 That Personnel Committee recommends Full Council to approve the Pay Policy Statement for 2024/2025 (appendix 1).
- 2.2 That Personnel Committee recommends Full Council to approve the continuation of the living wage, as detailed in section 4.2, option a) of this report.

**3. Background Information**

- 3.1 Under the Localism Act 2011 the Council has to prepare a Pay Policy Statement each financial year outlining policies in relation to the level of remuneration for all employees from the Chief Executive to the lowest paid employees.
- 3.2 The 2024/2025 Pay Policy has been updated to reflect the current pay structure and level of remuneration across the Council.
- 3.3 The 2024/2025 national pay awards for NJC, Soulbury, JNC for Youth and Community Workers and JNC for Chief Officers and Chief Executive once confirmed will be automatically implemented for relevant employees as previously agreed by Personnel Committee (22 January 2019) and added to the Pay Policy appendices at such a time as implemented.
- 3.4 The 2024/2025 Pay Policy includes the following amendments and minor clarifications;
  - i) Additional paragraph added to confirm that the council does not operate merit increments for accelerated pay progression [refer to Pay Policy Statement section 9.6] – (further clarifying the point in the principles section 3.3 that refers to not promoting through the grade)
  - ii) Inclusion of honorarium type C (outside the scope of additional duties graded under JE Scheme) [refer to Pay Policy Statement section 15.1]. This was previously agreed under a separate report at Personnel Committee 11 September 2023.
  - iii) Annual amendments to dates, pay award and pay scale information throughout the policy and appendices. This includes the revised nationally agreed pay scales for those on Soulbury terms and

conditions, as point one has been deleted and additional points created at the top of some scales with effect from 1 September 2023.

- iv) Pay multiples updated (as at 31 October each year). [refer to Pay Policy Statement section 21].

#### **4. Options for application of the Living Wage (LW)**

4.1 The council have been paying the Living Wage, reviewed annually since April 2015. Appendix 2 provides background information on the Living Wage and its application within Walsall Council.

4.2 There are two options available to Personnel Committee in regards to the Living Wage.

- a) Continue to pay an allowance for 2024/2025 to existing roles (including casual roles and higher and degree level Apprenticeships) that are below the Living Wage. This will mean the minimum rate of pay will be £12.00 per hour with effect from 1st April 2024. This will include all Walsall Council employees (excluding interns, intermediate and advanced level apprentices, those schools who decide not to apply the Living Wage and those schools, which are Voluntary Aided, Foundation or Academies).
- b) Cease the living wage allowance and revert to the appropriate pay point within the relevant pay structure (or age-appropriate rate for Apprentices) and review annually to see if this should be re-introduced.

In previous years there was a third option of freezing the living wage at the current rate. However, the current rate is £10.90 and the minimum NJC pay rate from April 2023 is now above this (£11.59).

#### **5. Financial Implications**

5.1 If option a) at 4.2 is adopted, based on the current structure as at 31 October 2023, there is a potential financial impact, as there are 336 NJC employees and 1 Youth and Community worker, plus 209 casual workers who will fall below the foundation living wage rate of £12.00 per hour. There are also 7 higher level apprentices currently receiving the living wage. The additional cost in 2024/2025 in applying the living wage increase to £12 per hour is approximately £24,094 plus on costs excluding casuals and the cost of any new employees commencing their employment from the 1<sup>st</sup> April 2024.

If option b) is adopted and all employees revert, back to their substantive salary it would cost the council approximately £2,607 due to the age threshold change and increase in the government national living wage.

5.2 All costings are based on current pay-scales including the pay award for 2023/24 and taking into account incremental progression due on 1 April 2024. However, this does not take into account any national pay award for 2024/25 (where applicable) as this has not yet been confirmed. The headroom between the Government's National Living Wage (£11.44 per hour from the 1 April 2024) and the current bottom of the NJC scale (£11.59 per hour) is only £0.15.

- 5.3 Should option a) be agreed the budget pressure will be funded as part of the annual review of the pay budget.

## 6. Legal Considerations

- 6.1 The Localism Act 2011 introduced the concept of increased accountability over senior officer pay in local government by requiring councils to prepare and publish a pay policy statement every financial year, which is required to meet various statutory requirements as set out below. In performing this function, the council must have regard to any guidance issued by the Secretary of State for the Department of Communities and Local Government. A pay policy statement for a financial year must set out the authority's policies for the year relating to; the remuneration of its chief officers; the remuneration of its lowest-paid employees, and the relationship between the remuneration of its chief officers, and the remuneration of its employees who are not chief officers. In addition, the statement must state the definition of "lowest-paid employees" adopted by the authority for the purposes of the statement, and the authority's reasons for adopting that definition. The statement must include the authority's policies relating to the level and elements of remuneration for each chief officer; remuneration of chief officers on recruitment; increases and additions to remuneration for each chief officer; the use of performance-related pay for chief officers; the use of bonuses for chief officers, the approach to the payment of chief officers on their ceasing to hold office under or to be employed by the authority; and the publication of and access to information relating to remuneration of chief officers.
- 6.2 One of the key objectives of the primary legislation and subsequent statutory guidance is to provide local accountability through councillors having an input into how decisions on remuneration for chief officers are made. The 2012 statutory guidance stated that full council or a meeting of members should be offered the opportunity to vote before large salaries are offered in respect of a new appointment. It provided for a notional threshold of £100,000 or above. The 2013 statutory guidance, which supplemented the 2012 guidance, extended this requirement to severance packages of £100,000 or above. On the 1 June 2015 full council delegated the determination of severance packages to the relevant committee. The objective of increasing transparency in the council's approach to pay is achieved through the publication of the pay policy statement itself, which itself builds upon the requirement to publish senior employees' remuneration under Regulation 4 Accounts Audit (Amendment No 2) (England) Regulations as part of its published salaries information, and more latterly the Local Government Transparency Code 2014.
- 6.3 Council policy in respect of the recruitment and appointment of Chief Officers is set out at Part 4.6 of the Council's Constitution, Officer Employment Procedure Rules, whereby the Council has historically delegated the power to approve remuneration levels for the Chief Executive, Executive Directors and Directors to the relevant committee since 2004. Therefore, councillors have always had a significant input on the appointment of chief officers and their remuneration. As previously stated, this is set out in the council's constitution which is a public document. All of these appointments are also subject to the well-founded objection process involving Members of the Executive.

## **7. Risk Management**

7.1 An equality impact assessment is attached (appendix 3).

## **8. People**

8.1 There is no direct impact on our residents as a result of this policy. The policy is however, part of the employment framework that helps to ensure that residents of Walsall get the best possible services from council employees.

## **9. Consultation**

9.1 The Pay Policy Statement 2024/25 has been consulted upon with Directors across the council during November 2023.

9.2 Other feedback led to some minor wording amendments / clarifications.

9.3 Trade Unions nationally are in favour of paying the real living wage.

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