

**Personnel Committee - 24 January 2022
(For subsequent approval by Full Council 24 February 2022)**

Pay Policy Statement and Living Wage (LW) 2022/2023

1. Purpose of the report

- 1.1 The purpose of this report is to seek Personnel Committee approval for the updated Pay Policy Statement 2022/2023 (appendix 1); including the decision to pay the revised recommended Living Wage (LW) rate with effect from 01 April 2022 (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 2022/2023, endorsed by CMT at its meeting of 06 January 2022.
- 2.2 That Personnel Committee recommends Full Council to approve the continuation of the living wage as detailed in the Pay Policy (appendix 1, section 6.5) and section 4.2, option a) of this report, endorsed by CMT at its meeting of 06 January 2022.

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 2022/2023 Pay Policy has been updated to reflect the current pay structure and level of remuneration across the Council.
- 3.3 The 2022/2023 national pay awards for NJC, Soulbury, JNC for Youth and Community Workers and JNC for Chief Officers 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. At the time of writing the pay awards for 2021/22 and 2022/23 have yet to be agreed once these details have been confirmed they will be incorporated into the Pay Policy.
- 3.4 The 2022/2023 Pay Policy includes the following amendments and minor clarifications;
 - i) Removal throughout of any reference to the 1% pay reduction from the previous legacy of the 2017 Terms and Conditions review, following Personnel Committee's decision (15 March 2021) to remove the 1% pay reduction previously implemented (thereby re-instating national

- pay scales) effective 01 April 2021 in recognition for staffs hard work and resilience throughout the Covid Pandemic.
- ii) Apprentice rates amended to reflect Personnel Committee's decision (15 March 2021), whereby apprentices received a 1% uplift on national minimum wage (when all other staff had the 1% pay reduction removed) effective 01 April 2021 [refer to Pay Policy appendix 1, section 6.4, and appendix C];
 - iii) Inclusion of reference to the Kickstart Scheme (new government training/employment scheme reimbursed by DWP) which will be paid on National Minimum Wage only, with no eligibility to the living wage allowance [refer to Pay Policy appendix 1, section 6.5];
 - iv) Clarification on starting pay and incremental progression for internal appointments moving to a new job on the same or lower grade [refer to Pay Policy appendix 1, sections 8.0 and 9.0];
 - v) Removal of Executive Director approval for professional fees to be paid, as reimbursement will be processed through One Source moving forward and will therefore be approved by the manager with the appropriate salary level authorisation [refer to Pay Policy appendix 1, section 16.6];
 - vi) Addition of a section for long service awards. Long service awards have been in place for many years and there is no change to current practice, inserting reference into the policy makes current practice transparent [refer to Pay Policy appendix 1, section 17.0];
 - vii) Reference to pending changes in pension legislation which did not go ahead in April 2021 has been removed. However, reference to the NHS Pension Scheme now accessible for Public Health roles has been added [refer to Pay Policy appendix 1, section 19.0].

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 three options available to Personnel Committee in regards to the Living Wage.
 - a) Continue to pay an allowance for 2022/2023 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 £9.90 per hour with effect from 1st April 2022. This will include all Walsall Council employees (excluding interns, intermediate and advanced level apprentices, those on the Kickstart Scheme; those schools who decide not to apply the Living Wage and those schools, which are Voluntary Aided, Foundation or Academies).
 - b) Freeze the current allowance paid at £9.50 and review annually to see if this decision should be amended.
 - c) Cease the living wage allowance and revert to the appropriate pay point within the relevant pay structure and review annually to see if this should be re-introduced.

5. Financial Implications

5.1 If option a) at 4.2 is adopted, based on the current structure as at 31 October 2021, there is a potential financial impact, as there will be 23 employees plus casual workers and 10 higher level apprentices who will fall below the living wage rate of £9.90 per hour. The additional cost in 2022/2023 in applying the living wage increase is £10,453 plus on costs excluding casuals and the cost of any new employees commencing their employment from the 1st April 2022.

If option b) at 4.2 is adopted the Council will not see any additional financial pressures.

If option c) is adopted and all employees revert, back to their substantive salary the Council will make a saving of approximately £11,537.

5.2 All costings are based on current pay-scales plus the anticipated NJC pay award for 2021/22 (based on a minimum award of 2.75% on SCP1 and 1.75% on SCP2 and above), and taking into account incremental progression due on 1 April 2022. However, this does not take into account any national pay award for 2021/22 agreed above 2.75% on SCP1 and 1.75% on SCP2 and above, nor does it take into account the national pay award for 2022/2023 (where applicable) as these have not yet been confirmed.

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 1st 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 citizens as a result of this procedure. The procedure 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 2022/23 has been consulted upon with senior managers across the Council between 04 November to 19 November 2021. Feedback led to some minor wording amendments. Trade Unions nationally are in favour of paying the real living wage.
- 9.2 The Pay Policy Statement was endorsed by CMT at its meeting of 06 January 2022.

Author

Nic Rickhuss

HR Manager – Strategy & Planning

✉ nicola.rickhuss@walsall.gov.uk

10 January 2022

Sponsoring Director

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Name of – Executive Director

(Date)