

Personnel Committee - 08 February 2023

Pay Policy Statement and Living Wage (LW) 2023/2024

1. Purpose of the report

- 1.1 To seek Personnel Committee endorsement for the updated Pay Policy Statement 2023/2024 (appendix 1); including the decision to pay the revised recommended Real Living Wage (RLW) rate with effect from 01 April 2023 (appendix 2), to be recommended for approval by Council.

2. Recommendations

- 2.1 That Personnel Committee recommends Council to approve the Pay Policy Statement for 2023/2024.
- 2.2 That Personnel Committee recommends Council to approve the continuation of the living wage as detailed in the Pay Policy (as set out at section 6.5 of appendix 1) and as set out in section 4.2, option a of this report.

3. Background Information

- 3.1 Under the Localism Act 2011 the Council must 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 2023/2024 Pay Policy has been updated to reflect the current pay structure and level of remuneration across the Council.
- 3.3 The 2023/2024 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. At the time of writing the pay award for 2022/2023 for Soulbury, and all other pay awards for 2023/24 have yet to be agreed, once these details have been confirmed, they will be incorporated into the Pay Policy and automatically implemented.
- 3.4 The 2023/2024 Pay Policy includes the following amendments and minor clarifications;
 - i) Additional paragraph added to emphasis the Council's commitment to equalities, diversity and inclusion (EDI) [refer to Pay Policy appendix 1, section 1.5];

- ii) Amendment to NJC pay scales to remove Spinal Column Point (SCP) 1 following agreement to do the same in the NJC pay scale settlement [refer to appendix B of the Pay Policy appendix 1 and section 6.2];
- iii) Inclusion of a new section covering the statutory guidance on Special Severance Payments and reference to such within the senior management pay structure section, the detail of which was previously presented to Personnel Committee at their meeting of 5 December 2022 [refer to Pay Policy appendix 1, section 5.9 and 18.0];
- iv) Additional paragraph added confirming that casual workers who have not undertaken work within a 12-month period will be removed from the payroll in order to ensure a more accurate reflection when reporting National Insurance data as well as to support system maintenance and data cleansing of One Source [refer to Pay Policy appendix 1, section 8.5];
- v) The Council's discretions under the Local Government Pension Scheme Policy Statement has been updated to reflect that the Council will pay Shared Cost AVC contributions at their discretion at a point in time where a provider has been secured and such a provision launched to employees [refer to appendix F of the Pay Policy appendix 1].

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 regard to the Living Wage.
 - a) Continue to pay an allowance for 2023/2024 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 £10.90 per hour with effect from 1st April 2023. 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) Freeze the current allowance paid at £9.90 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 2022, there is a potential financial impact, as there will be 28 employees plus casual workers and 10 higher level apprentices who will fall below the living wage rate of £10.90 per hour. The additional cost in 2023/2024 in applying the living wage increase is £21,054.15 plus on costs excluding casuals and the cost of any new employees commencing their employment from the 1st April 2023.

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 it would cost the council approximately £4,458.34 due to the significant increase this year in the government national living wage.

- 5.2 All costings are based on current pay-scales including the pay award for 2022/23 and taking into account incremental progression due on 1 April 2023. However, this does not take into account any national pay award for 2023/24 (where applicable) as this has 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 residents 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 2023/24 has been consulted upon with senior managers across the Council between 19 October 2022 to 2 November 2022.
- 9.2 The Pay Policy Statement 2023/24 and continuation of the living wage were endorsed by CMT at its meeting on 08 December 2022.
- 9.3 Trade Unions nationally are in favour of paying the real living wage.

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Sponsoring Director

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**Name of – Executive Director
(Date)**