

<b>EMPLOYMENT COMMITTEE</b>	<b>AGENDA ITEM No. 3</b>
<b>17 FEBRUARY 2021</b>	<b>PUBLIC REPORT</b>

Report of:	Chief Executive	
Cabinet Member responsible:	Councillor Cereste - Cabinet Member for Digital Services and Transformation	
Contact Officer(s):	Mandy Pullen - Assistant Director HR & Development	Tel. 863628

<b>Annual Pay Policy 2022/2023</b>
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<b>R E C O M M E N D A T I O N S</b>	
<b>FROM:</b> Chief Executive	<b>Deadline date:</b>
<p>Members of Employment Committee are requested:</p> <p>To note the content of the Pay Policy Statement for 2022/23.</p>	

**1. PURPOSE AND REASON FOR REPORT**

1.1 The purpose of this report is to ask Employment Committee to note the content of the Pay Policy Statement for 2022/23 ahead of this being issued to Council recommended for approval. The Policy is attached at Appendix 1 to the report.

**2. BACKGROUND AND KEY ISSUES**

2.1 Council is required by the Localism Act 2011 to pass a resolution approving the Pay Policy Statement for each financial year.

2.1.1 The Localism Act (the Act) requires that the council approves a pay policy statement that sets 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 the remuneration of its chief officers and the remuneration of its employees who are not chief officers.

2.1.2 The Act contains specific items that must be included in the Pay Policy, and the statement recommended to council is compliant with those requirements. It has also been drafted having regard to the guidance provided by the Department of Communities and Local Government (DCLG) "*Openness and accountability in local pay: Draft guidance under section 40 of the Localism Act*" and supplementary guidance.

2.1.3 The requirement to approve, publish and comply with a Pay Policy Statement builds on the Code of Recommended Practice for Local Authorities on Data Transparency that has led to the council already publishing data on senior salaries and the structure of the council's workforce. The requirement in the Act is based on the premise that elected members should have a significant input into how decisions on pay are made, particularly decisions on senior pay, and that they are open about policies that determine those decisions, to enable local taxpayers to take an informed view of whether local decisions on remuneration are fair and make the best use of public funds.

2.1.4 The Act and government guidance recognises that each local authority is an individual employer in its own right and has the autonomy to make decisions on pay that are appropriate to local

circumstances and which deliver value for money for local taxpayers. The Act does not impose policies, and only requires that authorities are open about how their own policies and local decisions are made.

- 2.1.5 Should the pay policy be amended during the financial year the Council would be required to approve such amendments and publish the amended policy accordingly.
- 2.1.6 The Equality Act 2010 (Gender Pay Gap Information) Regulations 2017 requires employers with 250 or more employees to publish statutory calculations every year showing how large the pay gap is between their male and female employees on a 'snapshot date' of 31 March 2021. The relevant data will be published on the Peterborough City Council website and the gender pay gap reporting pages of the gov.uk website before the deadline of 30 March 2022.
- 2.1.7 The pay policy statement at Appendix 1 demonstrates that between January 2021 - January 2022 the median salary in the council decreased from £32,624 to £32,234. This is determined where the full-time equivalent salaries of every employee are listed in order of value, and the value of the employee in the middle is used. The mean salary decreased from £35,633 to £35,137. This is where the full-time equivalent salary packages of every employee are added together and then divided by the total number of employees. It should be noted that adding the salaries together is not the same as calculating the total pay bill. This is because full time equivalent salaries are used for these figures, but in the council a significant number of staff have part time contracts.

The Localism Act requires the council to state the relationship between the remuneration of chief officers and those who are not chief officers and leaves the council the flexibility to determine how to express this. This was considered in the Hutton report, which was asked to explore the case for a fixed limit on pay dispersion in the public sector through a requirement that no public sector manager can earn more than 20 times the lowest paid person in the organisation. Hutton concluded that this was not helpful, and that the most appropriate metric is the top to median earnings. Since 2013 the council's ratio has reduced in seven out of eight years which demonstrates a downward trend.

The Chief Executive's remuneration is currently 9 times the remuneration of the lowest paid employees (for a definition of the comparator see 6.2 above). This has slightly increased since last year's figure of 8.89 to 1 despite the Chief Executive not accepting the national pay award since April 2018.

The lowest salary\* decreased from £19,515 to £19,288 which meant that the ratio of the highest salary to the lowest salary increased from 8.89 to 1 to 9 to 1.

\*The lowest paid employees are defined as those in the bottom 10% of employees by remuneration.

### **3. CONSULTATION**

- 3.1 All changes to terms and conditions of employment are subject to consultation with the trade unions.

### **4. IMPLICATIONS**

#### **Financial Implications**

- 4.1 The pay policy has been checked and approved by the Corporate Director of Resources with all costs factored into the Medium Term Financial Strategy.

#### **Legal Implications**

- 4.2 The pay policy sets out clearly the expectations detailed in the Localism Act.

#### **Equalities Implications**

4.3 An initial equality impact assessment (IEQIA) has not been carried out on the pay policy itself. However, IEQIA's are carried out on any changes that are proposed that impact on pay. One was undertaken for the revised pay scales effective from 1 April 2019.

## **5. BACKGROUND DOCUMENTS**

5.1 The following have been used to prepare this report:-

- Openness and accountability in local pay under section 40 of the Localism Act and supplementary guidance
- Section 38 (1) of the Localism Act
- Section 40 (1) of the Localism Act
- Repayment of Public Sector Exit Payments Regulations 2015
- Equality Act 2010 (Gender Pay Gap Information) Regulations 2017

## **6. APPENDICES**

6.1 Appendix 1 – Pay Policy 2022/23

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