

Agenda Item 16.

TITLE	Annual Pay Policy Statement 2022/2023
FOR CONSIDERATION BY	Personnel Board on 4 July 2022
WARD	None Specific
LEAD OFFICER	HR Service Excellence Lead – Barbara Batchelor Pay & Reward Specialist – Claire Eckett

OUTCOME / BENEFITS TO THE COMMUNITY

Compliance with s38 of the Localism Act 2011.

RECOMMENDATION

Personnel Board is requested to approve the Pay Policy Statement 2022/23, as attached at Appendix A, which needs to be formally approved by Full Council for publication.

SUMMARY OF REPORT

Pay Policy Statement

Personnel Board is required to approve the review of the Pay Policy Statement on an annual basis, which needs to be forwarded to Full Council to approve for publication.

The Pay Policy Statement enables residents to understand the Council's pay policy for senior staff and how it relates to the salaries of the lowest paid. It provides transparency and enables residents to assess whether salaries paid represent value for money.

The Pay Policy Statement covers the financial year 2022/23.

Once approved the Pay Policy Statement, as attached at Appendix A will be published on the Council's website. Under sections 38 to 43 of the Localism Act 2011 we are required to prepare, approve by Full Council and publish on the Council's website a pay policy statement each financial year.

Background

The Localism Act (2011) brings together strands of increasing accountability, transparency and fairness in the setting of local pay and requires authorities to produce a pay policy statement for each financial year.

The statement should include the:

- policy on the level and elements of remuneration for each chief officer
- policy on the remuneration of its lowest paid
- policy on the relationship between the remuneration of its chief officers and other officers
- policy on other specific aspects of chief officers' remuneration: remuneration on recruitment, increases and additions to remuneration, use of performance-related pay and bonuses, termination payments and transparency.

In March 2011 the Hutton Review of Fair Pay was published which made several recommendations for promoting pay fairness in the public sector by tackling disparities between the lowest and highest paid in the public sector.

For 2022/2023 the following amendments have been made in line with the guidance issued by the Department for Communities and Local Government in February 2012 and the supplementary guidance issued in February 2013:

1. To allow for flexibility in the organisational structure and reporting lines in the top tiers of the Council, Assistant Directors have not been listed individually, but are captured within the definition of "chief officer" under the Localism Act as:
 - persons who, as respects all or most of their duties, report directly to or are directly accountable to the Head of the Council's Paid Service
 - persons who, as respects all or most of their duties, report directly to or are accountable to the posts listed above (other than staff whose duties are of a clerical or support nature).
 - Links to the web pages where information can be found on the Council's senior management structure have been included.
2. The Hutton Review of Fair Pay in the public sector, published in March 2011, did not recommend a defined pay multiple, but instead recommended that the public sector should publish, track and explain their pay multiples over time.

The pay ratio, or pay multiple, is used to express the relationship between the remuneration of the chief officer/highest paid employee and that of other employees. A ratio of 8:1 would mean that the highest paid individual earns 8 times more than the lowest paid individual. The larger the number, the greater the disparity between the highest and lowest paid individuals.

Ratio	2021	2022
Highest:Lowest	8.1 : 1	8.1 : 1
Highest: Median	4.8 : 1	4.7 : 1

A new baseline of data was established last year, so it is not possible to include comparisons with previous years. There are no significant differences in the pay ratio data from 2021 to 2022.

3. The Hutton Review issued revised implementation guidance in 2021 regarding fair pay disclosures, which requires the disclosure by public sector entities of top to median, lower quartile and upper quartile staff pay multiples (ratios) and to monitor them over time. The table at 5.4.1 of the Pay Policy statement shows the relationship between the highest paid individual to the person on the lower quartile (25th percentile) of the Council's pay range, the median (middle), and the person on the upper quartile (75th percentile) of the Council's pay range. Quartiles and percentiles are calculated by arranging all the employees in order from the lowest to the highest paid and dividing into 4 equal groups for quartiles, or 100 for percentiles. The median is the mid-point when the salaries are all ranked in order. This is the first year that this data has been reported in the Pay Policy Statement.
4. There is also a requirement to publish the percentage changes in the highest paid employee's salary and allowances, performance pay and bonuses payable and for employees of the entity taken as a whole, the average percentage changes from the previous financial year of salary and allowances and performance pay and bonuses payable.

Conclusion

Members are requested to approve the Pay Policy Statement for 2022/23 as attached at Appendix A.

FINANCIAL IMPLICATIONS OF THE RECOMMENDATION

The Council faces severe funding pressures, particularly in the face of the COVID-19 crisis. It is therefore imperative that Council resources are focused on the vulnerable and on its highest priorities.

	How much will it Cost/ (Save)	Is there sufficient funding – if not quantify the Shortfall	Revenue or Capital?
Current Financial Year (Year 1)	N/A	N/A	N/A
Next Financial Year (Year 2)	N/A	N/A	N/A
Following Financial Year (Year 3)	N/A	N/A	N/A

Other financial information relevant to the Recommendation/Decision
None

Cross-Council Implications
None

Public Sector Equality Duty
Not required as this is a statutory report on current data.

List of Background Papers
Attachment 1 – Pay Policy Statement 2022/23

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