

**COUNCIL: 25 JUNE 2020**

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## **CABINET PROPOSAL**

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### **PAY POLICY 2020/2021**

#### **Reason for this Report**

1. To ask the Council to agree a Pay Policy Statement for 2020/21, in accordance with the requirements of the Localism Act 2011.

#### **Background**

2. Cardiff Council understands the importance of having a clear written policy on pay for employees. The policy statement will provide a framework to ensure that employees are rewarded fairly and objectively without discrimination.
3. The Council also has a statutory requirement under the Localism Act 2011 to prepare a pay policy statement on an annual basis. The first statement was in place by 31<sup>st</sup> March 2012 and they have been produced annually since then. Agreement (and subsequent publication) of the 2020/21 Pay Policy Statement will ensure continued compliance with this legislation.
4. The focus of the legislation is about transparency of pay for Chief Officers and how their pay compares with lower paid employees in the Council. However, in the interests of transparency and accountability the Council has chosen since 2011 to take a broader approach and produce a policy statement covering all employee groups with the exception of teachers (as the remuneration for this latter group is set by Welsh Government Ministers and therefore not in local authority control). This policy also excludes Members of the Council as they are not employees and are governed by separate legislation via the Independent Remuneration Panel for Wales.

#### **Voluntary Redundancy Scheme**

5. The legislation also requires the Council to provide information about redundancy payments that are made to employees who leave the organisation. The current Voluntary Redundancy Policy has been in place since 3<sup>rd</sup> April 2015, and annual reviews since then have resulted in no further changes. There will be no change to the Voluntary Redundancy Policy for 2020/21.

6. Redundancy payments made under the Policy are calculated with reference to a week's pay up to a maximum of £525.00. Since 13<sup>th</sup> June 2017, as a result of a ruling by an Employment Appeal Tribunal (EAT) in the case of *University of Sunderland v Drossou*, in June 2017, employers must ensure that a week's pay includes remuneration 'payable by the employer under the contract of employment' and that this value should not be limited by what the employee directly receives. The rationale offered by the EAT was that employer's pension contributions formed part of the overall package of 'remuneration' offered to an employee in return for their services. The result of this is that where appropriate, the employer's pension contributions are included in the calculation of an employee's weekly pay, subject to the £525 maximum stated in the Voluntary Redundancy Policy.

#### Chief Officer Pay

7. In line with the Standing Orders (Wales) Amendment Regulations 2014 and a Council resolution effective since the 2015/16 Pay Policy Statement, the pay award for Chief Officers employed under JNC terms and conditions will be automatically applied, once agreed by the national employers.

#### Local Government Services Pay Award 2020

8. The NJC pay agreement effective from 1<sup>st</sup> April 2020 will be implemented once agreed by the national employers. Until then the Council will continue to apply the NJC 2018-20 pay agreement

#### UK Government Changes

9. The Council reports accompanying the Pay Policy Statements since 2015/16 have described proposed UK Government changes concerning:
  - (i) an Exit Payment Cap,
  - (ii) a wider review of Public Sector Exit Payment Schemes
  - (iii) recovery of exit Payments (Clawback)
10. At this point these proposed changes have not been finalised and the position remains as reported to Council in 2017.

#### Gender Pay Gap

11. The Equality Act 2010 (Specific Duties and Public Authorities) Regulations 2017, which relate to public sector employers in England and Wales, requires the publication of gender pay gap data based on a 'snapshot' date of 31<sup>st</sup> March.
12. Since the publication of the regulations it has been clarified that local authorities in Wales are not covered by the requirement to formally publish a Gender Pay Gap report, but instead must manage gender pay

differences. On this basis, there is no requirement on the Council to publish anything other than the data we have published to date.

13. With more public sector employers being required to report on their Gender Pay Gap, and in line with the Council's commitment to fairness and transparency, it is proposed that the Council continues to voluntarily publish its Gender Pay gap report as part of the annual Pay Policy Statement, required to be published by 31<sup>st</sup> March 2020. Please note this has been delayed due to the 26<sup>th</sup> March Council meeting being cancelled because of the pandemic lockdown.

#### **Non-Guaranteed Working Hours**

14. In December 2016 the Welsh Government issued principles and guidance on the appropriate use of non-guaranteed hours arrangements in the devolved public services in Wales. These principles and guidance were developed by the Public Services Staff Commission in social partnership with the Welsh Government's Partnership Council and its sector groups. The Council is committed to the principles determined by Welsh Government which apply to those employees who are employed on a relief, 'casual' or sessional basis. These employees are used in services within the Council where there is either a need to bring in an additional workforce in order to cover peaks in workload, or where the workload is on a one off basis, such as Events.

#### **Reason for Recommendations**

15. To respond to the legal requirement under the Localism Act 2011 but the production of the policy statement will also provide openness and accountability in how the Council rewards its employees.

#### **Financial Implications**

16. The rates of pay and conditions set out in the Pay Policy Statement are reflected in the Council's budget for 2020/21.

#### **Legal Implications**

17. Under Section 38 of the Localism Act 2011 the Council must prepare a Pay Policy Statement for each financial year before the commencement of that year. The Pay Policy Statement for 2020/21 should have been approved by 31<sup>st</sup> March 2020, but has been delayed by the cancellation of the 26<sup>th</sup> March Council meeting because of the pandemic lockdown.
18. The Act requires the Pay Policy Statement to cover certain specific matters and the Welsh Government has issued statutory Guidance in relation to Pay Policies.
19. The proposed Pay Policy Statement for 2020/21 meets the requirements of the Act and Welsh Government Guidance.

20. The Pay Policy must be published in such manner as the Council thinks fit, which must include publication on the Council's website.
21. The Council's pay structures are considered to be compliant with Equalities legislation.

### **HR Implications**

22. The recommendation will not impact on employees across the Council as it merely outlines in one policy, existing and agreed arrangements for pay and remuneration of employees.
23. The trade unions have been consulted on the Pay Policy Statement.

### **Property Implications**

24. There are no property implications.

## **CABINET PROPOSAL**

Council is recommend to approve the attached Pay Policy Statement (2020/21) Appendix 1.

## **THE CABINET 19 March 2020**

*The following appendix is attached:*

*Appendix 1: Pay Policy Statement 2020/21, together with Annex 1*