

**Meeting of the Full Council**  
**Meeting to be held on Thursday, 24 February 2022**

Report submitted by: Head of Legal and Democratic Services

**Part A**

Electoral Division affected:  
None;

**Corporate Priorities:**  
N/A;

**Localism Act 2011 - Pay Policy Statement 2022/23**  
(Appendix 'A' refers)

Contact for further information:  
Josh Mynott, Tel: (01772) 534580, Democratic and Member Services Manager,  
josh.mynott@lancashire.gov.uk

**Brief Summary**

This report sets out the council's proposed 2022/23 Pay Policy Statement as required by the Localism Act 2011. The Statement was considered by the Employment Committee on 26 January 2022.

**Recommendation**

Full Council is asked to agree that:

- (i) The proposed Pay Policy Statement for 2022/23, as set out at Appendix 'A' be approved.
- (ii) Should it be required, the application of the uplifted Foundation Living Wage rate for 2022/23, may be delayed until a national pay agreement for Local Government Services for 2021/22 is reached but backdated to 1 April 2022; and
- (iii) Subject to the views of the recognised trades unions, the method by which the Foundation Living Wage is paid moves to a supplement model by April 2023.

**Detail**

The Localism Act 2011 requires local authorities to prepare a Pay Policy Statement each year. The Pay Policy Statement must articulate the council's approach to the remuneration of chief officers on appointment, subsequent progression and any use of bonus or performance related pay. In preparing Pay Policy Statements, local

authorities must have regard to any guidance issued or approved by the Secretary of State. In preparing this statement, regard has also been given to guidance issued by the former Department for Communities and Local Government.

The purpose of the statement is to provide transparency with regard to the council's approach to setting pay for its employees (except staff in schools), in particular its chief officers. The Pay Policy Statement must be approved by a resolution of Full Council before it comes into force on 1 April each year and must then comply with the statement for the financial year to which it relates (although amendments may be made to the statement after the beginning of the financial year to which it relates). Once approved, the statement (or an amended statement) must be published in such manner as the local authority sees fit, which must include publication on the local authority's website.

The Pay Policy Statement must set out the local 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
  - Employees who are not chief officers.

The statement must set out:

- 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 local authority's policies relating to:

- The level and elements of remuneration for each chief officer;
- The remuneration of chief officers on recruitment;
- The 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.

A Pay Policy Statement for a financial year may also set out the local authority's policies for the financial year relating to the other terms and conditions applying to the authority's chief officers.

### **Updated Pay Policy Statement**

A proposed Pay Policy Statement for the financial year 2022/23 is provided at Appendix 'A' to this report.

The Pay Policy Statement also takes account of the recommendations within the Hutton Review of Fair Pay in the Public Sector (March 2011) that 'government should not cap pay across public services, but should require that from 2011/12 all public service organisations publish their top to median pay multiples each year to allow the public to hold them to account'. The statement therefore sets out the council's aim that the pay multiple between the median full-time equivalent salary and that of the Chief Executive will not exceed 1:16.

The pay multiple between the 2021 median full-time equivalent salary and that of the Chief Executive and Director of Resources is 1:11.28, which represents a slight increase from the figure (1:11.06) reported in the last Pay Policy Statement. This multiple is based on current salaries, pay award pending.

The guidance also provides that Full Council should be offered the opportunity to consider salary packages in excess of £100,000 before any new appointment is made. In this regard, the Pay Policy Statement sets out the grading structure for all posts at Director 1 and above. All appointments are currently made in line with this grading structure and any proposal to make a new appointment otherwise than in accordance with it would first be referred to Full Council to consider.

### **Foundation Living Wage**

The Local Government Services pay agreement for 2021/22 remains outstanding. The Employment Committee therefore agreed that, should it be required, the application of the uplifted Foundation Living Wage rate of £9.90 per hour (which is the equivalent of £19,100 per annum), subject to Full Council approval, may be delayed until a national pay agreement for Local Government Services for 2021-22 is reached, so that the Foundation Living Wage rate and the Local Government Services pay award can be applied at the same time, with the new Foundation Living Wage rate being backdated as necessary.

The council has previously committed to adjusting its Foundation Living Wage rate within six months of the new rate being announced nationally. The updated rate is usually applied from 1 April each year, subject to Full Council approval, and was increased in April 2021 to the current level. Delaying it this year would ensure that the council's pay and grading structure is not further eroded as a result of the outstanding Local Government Services pay award for 2021/22 as well as ensuring that parity with the wider workforce, who have not yet received an increase for 2021/22, is not affected. If delayed the Foundation Living Wage rate would be backdated to April 2022.

The Employment Committee also agreed that, subject to the views of the recognised trades unions, the method by which the Foundation Living Wage is paid moves to a supplement model by April 2023 which would ensure that the council's pay and grading structure is not further eroded by any future delays in reaching an agreement on Local Government Services pay or by the Foundation Living Wage uplift exceeding the Local Government Services pay award.

## **Consultations**

The proposed Pay Policy Statement for 2022/23 has been shared with the recognised trade unions at the Joint Negotiating and Consultative Forum.

## **Implications:**

This item has the following implications, as indicated:

### **Risk management**

The Full Council is under a statutory duty to agree an annual pay policy statement and this function cannot be delegated.

### **Financial**

There are no direct financial implications arising from the adoption of the pay policy statement.

## **Local Government (Access to Information) Act 1985**

### **List of Background Papers**

Paper	Date	Contact/Tel
-------	------	-------------

None

Reason for inclusion in Part II, if appropriate

N/A