



General Purposes Committee
7 December 2020

Report of the Head of Paid Service

Public Sector Pay Freeze

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| Wards Affected: | All |
| Key or Non-Key Decision: | No |
| Open or Part/Fully Exempt: (If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act) | Open |
| No. of Appendices: | None |
| Background Papers: | None |
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1.0. Purpose of the Report

- 1.1 This report provides an update to the committee in respect of the public sector pay freeze for 2021/22 announced in the spending review and the implications for remuneration for council employees.

2.0. Recommendations

- 2.1 To note the constraints on reward and remuneration for employees which will result from the public sector pay freeze.
- 2.2 To agree that a report be brought to the February 2021 Council meeting to propose amendments to the council's Pay Policy and (if necessary) to its Pay Policy Statement to enable appropriate recognition of the continuing commitment in difficult circumstances shown by council staff during the COVID crisis.

3.0. Detail

- 3.1 For the purposes of its pay and reward the Council adheres to the National Pay Bargaining framework for Local Government in respect of all of its workforce. For the majority of the workforce (up to and including PO8) we use the Greater London Provincial Council (GLPC) pay scales. These are in common use across almost all of the London Boroughs. Any annual pay award in respect of these pay scales is automatically linked to the nationally negotiated pay award.

- 3.2 As part of his Spending Review the Chancellor of the Exchequer has stated there will be a pay freeze that will impact the majority of employees in the public sector in 2021/22. Those excluded are some NHS staff and those employees in the public sector earning below the median wage of £24,000 who will receive a 'guaranteed pay rise of at least £250'. This equates to 6% of the workforce. Past pay freezes have not been implemented through legislation but through a range of government and audit oversight mechanisms as described in the legal implications section of this report.
- 3.3 On this basis there will be no pay rise awarded nationally for the majority of staff on GLPC pay scales. The same will apply in respect of the other pay scales in place for specific groups of council staff such as Soulbury scales for certain youth and education related posts, senior officers (paid on the Hay scale) and Chief Offices paid on the JNC for Chief Officers. While these pay scales remain the council's adopted pay scales the council will need to abide by national agreements in respect of them.
- 3.4 In remunerating staff the council is also constrained by its Pay Policy Statement. The Localism Act which was introduced in 2011 requires relevant authorities to prepare and publish pay policy statements with the primary aim to ensure openness and accountability in local pay. These statements must articulate an authority's own policies towards a range of issues relating to the pay of its workforce, particularly its senior staff (or 'chief officers') and its lowest paid employees. Pay policy statements must be prepared for each financial year and must be approved by full council. The council usually adopts its Pay Policy Statement for the financial year at the budget and council tax setting meeting prior to the start of the financial year.
- 3.5 The council must comply with its pay policy statement in making any determination in respect of the remuneration of chief officers. Under the Constitution, any departure from a policy adopted by the Council must be referred to members for determination.

The council's pay policy is largely determined with reference to national pay bargaining arrangements, like most councils. Pay scales are reviewed annually in line with the National Joint Council arrangements for the majority of staff and with the Joint National Council for senior management (Chief Officers).

- 3.6 In accordance with the Pay Policy Statement employees, including the Chief Executive and directors, do not currently receive performance related payments or bonuses and there is limited scope to recognise exceptional performance other than in very specific circumstances i.e. where employees assume the duties and responsibilities of a higher-graded post are shared between more than one employee or they have taken on extra duties and responsibilities outside of their job description that have been exceptionally onerous.
- 3.7 The committee is asked to agree that a report be brought to the February 2021 Full Council meeting to consider amendments to the council's Pay Policy and, (if necessary) to its Pay Policy Statement, to enable appropriate recognition of the continuing commitment in difficult circumstances shown by council staff during the Covid crisis.

4.0 Financial Implications

- 4.1 The Council's annual budget setting process takes account of funding annual pay awards and assumptions on future pay awards are contained within the Medium Term Financial Strategy. This will need to be adjusted in light of the Spending Review, including the impact of any proposed changes to the Pay Policy Statement, and will be set out for Cabinet in February 2021 as part of the budget setting process.

5.0 Legal Implications

- 5.1 Treasury has overall responsibility for setting the ground rules for the administration of public money. In its publication, *Managing Public Money*, there are strict requirements set out in relation to, amongst other issues, the use of public funds and governance and management in relation to expenditure in the public sector. Whilst the requirements of *Managing Public Money* are not directly applicable to local government, the Government has stated that it expects local government to meet and apply the same standards.
- 5.2 In addition, there are complex statutory requirements in place in relation to how the council is required to manage its finances and in relation to openness and transparency in how it publishes its accounts. In light of the pay freeze which the Chancellor has confirmed will be brought in for the majority of public sector workers in 2021 / 2022, the council will be required to abide by this instruction and to evidence, via its accounting practices that it has abided by the new requirements in relation to the pay freeze.
- 5.3 The statutory requirements for local authority accounting in England are set out in the Local Audit and Accountability Act 2014 (LAAA). Section 3(1) LAAA sets a basic requirement for authorities to keep adequate accounting records. Local authorities are also required, under the LAAA to appoint external auditors. The duties of the external auditors are set out in part 5 of the LAAA and the Code of audit Practice, issued by the National Audit Office and include a requirement that they be satisfied that the authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The LAAA 2014 gives auditors a number of powers to take action in the event that they are concerned over any existing or proposed expenditure, which include the ability to issue advisory notices or to apply for judicial review.

6. Diversity Implications

- 6.1 The public sector equality duty, as set out in section 149 of the Equality Act 2010, requires the Council, when exercising its functions, to have “due regard” to the need to eliminate discrimination, harassment and victimisation and other conduct prohibited under the Act, to advance equality of opportunity and foster good relations between those who have a “protected characteristic” and those who do not share that protected characteristic. The protected characteristics are: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, and sexual orientation.
- 6.2 Having due regard involves the need to enquire into whether and how a proposed decision disproportionately affects people with a protected characteristic and the need to consider taking steps to meet the needs of persons who share a protected characteristic that are different from the needs of persons who do not share it. This includes removing or minimising disadvantages suffered by persons who share a protected characteristic that are connected to that characteristic.
- 6.3 No specific diversity implications arise from this report.

Report sign off:

Carolyn Downs
Chief Executive