

<b>27 September 2023</b>		<b>ITEM: 10</b>
<b>Council</b>		
<b>Revised Annual Pay Policy Statement 2023/24</b>		
<b>Wards and communities affected:</b> All	<b>Key Decision:</b> N/A	
<b>Report of:</b> Councillor Graham Snell – Portfolio Holder for Finance		
<b>Accountable Assistant Director:</b> n/a		
<b>Accountable Director:</b> Jackie Hinchliffe – Director of HR, OD & Transformation		
<b>This report is Public</b>		

## **Executive Summary**

The Localism Act 2011 requires the Council to publish an annual Pay Policy Statement, which must be approved by Council by 31<sup>st</sup> March each year. The Council's Pay Policy Statement for 2023/24 was approved by Council on 1 March 2023, it applied a 4% pay increase for grades A – I. The report specified that senior manager pay would be reviewed and a further report submitted to Council.

Pay for senior managers is governed by the 'Pay Strategy and Pay Policy' for senior managers which was implemented in 2010, an annual review is conducted each year to determine pay awards.

The independent assessment recommended a 4% increase in the pay clusters for senior management pay.

General Services Committee (GSC) considered a report on 27<sup>th</sup> June 2023 setting out arrangements and options for senior pay, following advice from Counsel a further report was presented to the Committee on 24<sup>th</sup> August 2023.

GSC agreed to recommend the revised Pay Policy Statement (Appendix 1), incorporating the 4% award for senior managers, to Council.

In addition, as part of the wider Pay Review agreed by Council, GSC instructed the Chief Executive to bring back a review of pay and arrangements for determining on-going annual pay awards for Senior Managers.

## **Commissioner Commentary**

*The Council's Section 151 Officer has issued a s114 notice which places restrictions on what the Council can spend to ensure that the Council will be able to balance its budget in the future. However, the Council is permitted to continue spending on*

*existing staff payroll and pension costs, and on existing legal agreements and contracts.*

*The Council has a Pay Strategy and Pay Policy that requires an annual review of salaries for senior managers to be undertaken and the result of the review applied to the pay structure from 1 April each year. The revised pay structures are approved as part of the Council's Pay Policy each year. The purpose of the review is to ensure senior manager pay at Thurrock remains competitive. The review to determine 2023/24 salaries is particularly challenging taking place during a period of high levels of inflation and employers competing for talent in a tight labour market alongside the implications of the s114 notice.*

*The Council will review the approach to senior manager pay to ensure the design of senior corporate leadership roles and the attributes required to undertake them, as well as their remuneration, is delivered alongside the design and implementation of the future operating model.*

## **1. Recommendations**

**1.1 The Revised Annual Pay Policy Statement 2023/24 is approved in line with the Council's obligations under the Localism Act 2011.**

## **2. Introduction and Background**

2.1 The Localism Act 2011 requires the Council to publish an annual Pay Policy Statement. This must be approved by Council by 31<sup>st</sup> March each year. Like many other local authorities, Thurrock's statement includes a pay policy for all categories of employees which reflects existing employment terms and conditions.

2.2 The 2023/24 Pay Policy Statement, agreed at Full Council on 1 March 2023, did not include the annual pay award for Senior Managers. Further information and analysis of options was required before the award could be determined.

2.3 This report seeks approval of the Council's Revised Annual Pay Policy Statement for 2023/24; in particular, the elements of this statement which vary from, or are in addition to, those contained in the earlier pay policy.

## **3. Issues, Options and Analysis of Options**

3.1 The policy governing Senior Manager pay arrangements has been in place since 2010. An independent assessment is conducted each year to determine the recommended pay increase.

3.2 The attached revised Pay Policy Statement for 2023/24 (Appendix 1) incorporates the recommended 4% increase for Senior Managers. GSC recommend the policy to Council for approval.

#### **4. Review of Senior Pay**

- 4.1 GSC agreed the scope and timescale of a Pay and Reward Review at the meeting on 27<sup>th</sup> June 2023, this review includes pay for Senior Managers. To ensure Senior Manager Pay Policy, including arrangements for determining annual pay awards, is prioritised, GSC have instructed the Chief Executive to put in place the required resources to conduct a full review for inclusion in the 2024/25 Pay Policy.
- 4.2 GSC will receive a report in September 2023 to agree the design principles, scope, and timetable for the review.

#### **5. Reasons for Recommendation**

- 5.1 To ensure the Council approves a Pay Policy Statement for 2023/24 that is in accordance with existing policy and contractual requirements.

#### **6. Consultation (including Overview and Scrutiny, if applicable)**

- 6.1 The recommendation has been considered and approved by General Services Committee.

#### **7. Impact on corporate policies, priorities, performance and community impact**

- 7.1 The Pay Policy Statement sets out the pay arrangements for all employees covered by the Thurrock Collective Agreement and the Senior Pay Policy.

#### **8. Implications**

##### **8.1 Financial**

Implications verified by: **Jonathon Wilson**  
**Interim Director of Finance**

The cost of implementing the 4% pay award for senior managers is £136,000. There is sufficient growth built into the Medium-Term Financial Strategy to cover the costs.

##### **8.2 Legal**

Implications verified by: **Asmat Hussain**  
**Interim Director of Legal and Governance**

Sections 38 to 43 of the Localism Act 2011 require Councils to prepare a Pay Policy Statement for each financial year and the Secretary of State, pursuant to section 40, has issued both the original Pay Accountability Guidance in February 2012 and a supplementary guidance in February 2013. The Annual Pay Policy Statement for 2023/24 was agreed at Council on 1 March 2023.

The Localism Act s.39 (4) allows the Council to amend its pay policy statement (including after the beginning of the financial year to which it relates).

This report focuses specifically on the recommendation for senior managers' pay. External Counsel legal advice has been provided in this regard which sets out that the Council has an obligation to conduct an annual review of senior managers' pay as detailed within the terms and conditions of the employment contract. A failure to apply any increase identified following the annual review would amount to a breach of contract.

The Council's Chief Finance Officer has issued a s114 notice which places restrictions on what the Council can spend to ensure that the Council will be able to balance its budget in the future. However, the Council is permitted to continue spending on existing staff payroll and pension costs, and on existing legal agreements and contracts.

### 8.3 Diversity and Equality

Implications verified by: **Becky Lee**  
**Team Manager, Community Development**

The recommendation set out within this report has been independently assessed based on agreed factors within the 'Pay Strategy and Pay Policy' for senior managers. This includes the fulfilment of responsibilities set out in the Equality Act 2010 and the Public Sector Equality Duty.

All information regarding Community Equality Impact Assessments can be found here: <https://intranet.thurrock.gov.uk/services/diversity-and-equality/ceia/>

### 8.4 Other implications (where significant) – i.e., Staff, Health Inequalities, Sustainability, Crime and Disorder, and Impact on Looked After Children

NA

### 9. Background papers used in preparing the report (including their location on the Council's website or identification whether any are exempt or protected by copyright):

- Council Report 1 March 2023 – Annual Pay Policy Statement 2023/24
- GSC Report 27 June 2023 – Pay Policy 2023/24 – Senior Manager Pay
- GSC Report 24 August 2023 – Pay Policy 2023/24 – Senior Manager Pay

### 10. Appendices to the report

Appendix 1 – Revised Pay Policy Statement 2023/24

**Report Author:** Andrew Brown, Strategic Lead Pay and Operations