

REPORT TO:	Appointments Committee 19th February 2021
SUBJECT:	Croydon Council Pay Policy Statement 2021/2022
LEAD OFFICER:	Sue Moorman, Director of Human Resources
CABINET MEMBER:	Councillor Callton Young, Cabinet Member for Resources and Financial Governance
FINANCIAL IMPACT: There is no additional expenditure arising directly from the recommendations contained in this report	
1. RECOMMENDATIONS: Members of the Appointments Committee are recommended to:- <ul style="list-style-type: none"> i. Note the annual pay policy statement and to recommend this to Council as part of the annual budget papers to be presented in consideration of the budget for 2021/2022. 	

1. BACKGROUND

- 1.1 In accordance with Section 38 of the Localism Act, the Council is required to present and publish an annual Pay Policy Statement.
- 1.2 The policy for 2021/22 is attached as Appendix A and covers the legal requirement to set out :
 - The remuneration of its senior staff designated Chief Officers
 - The remuneration of its lowest paid employees
 - The relationship between the remuneration of its Chief Officers and the remuneration of staff who are not Chief Officers

2. PAY POLICY KEY CONTEXT

- 2.1 The Council aims to ensure that its remuneration packages are fair, equitable and transparent and offer suitable reward for the employment of high quality staff with the necessary skills and experience to deliver high quality services.
- 2.2 This Pay Policy Statement sets out the Council's policy relating to the pay of its workforce (excluding school-based employees) as required under the Localism Act 2011. The Localism Act requires the Council to have considered, approved and published a Pay Policy Statement for each financial year. The areas to be

covered in the statement are salary, expenses, bonuses, performance related pay, severance payments, how election fees are paid and the pay policy on re-engagement of ex- employees.

- 2.3 The policy includes setting out the remuneration and appointment of chief officers. Notably this year the policy sets out the proposed introduction of new Chief Officer Grades to complement the proposals for a new senior management structure which are currently out for consultation and anticipated to be implemented within this financial year.
- 2.4 Statutory guidance issued by the Secretary of State under section 40 of the Localism Act 2011 states that Full Council takes decisions about remuneration packages for new appointments of £100,000 per year or more, as well as severance packages of £100,000 or more. Following the decision of the Annual Council meeting on 03 June 2014, the Appointments Committee has delegated responsibility for approving appointments and severance packages in accordance with those thresholds.
- 2.5 On 4th November 2020, the Restriction of Public Sector Exit Payments Regulations 2020 came into force. The Regulations placed a £95,000 cap on public sector exit payments in connection with people leaving employment or vacating office. The £95,000 cap applied to redundancy payments (whether compulsory or voluntary) (including statutory and contractual redundancy payments) and, significantly also covered, pension strain costs, which arise when a Local Government Pension Scheme pension is paid unreduced before a member's normal pension age.
- 2.6 On 12th February 2021, the Government announced that it will be revoking the Restriction of Public Sector Exit Payments Regulations 2020 and issued Treasury Directions, the Exit Payment Cap Directions 2021 which came into force on 12th February 2021, to suspend the Restriction of Public Sector Exit Payments Regulations 2020 whilst the formal process of revocation takes place. The Government also issued Guidance which states at paragraph 3.2: *'In light of the withdrawal of the Regulations, employers are encouraged to pay to any former employees who had an exit date between 4th November 2020 and 12th February 2021 and to whom the cap was applied, the additional sums that would have paid but for the cap. Given that the cap has now been disapplied, it is open to employers to do so and HM Treasury's expectation is that they will do so.'* The Council will therefore comply with the Exit Payment Cap Directions 2021 and Guidance.
- 2.7 It is noted that the Guidance at paragraph 1.5 states that *'HM Treasury will bring forward proposals at pace to tackle unjustified exit payments'*, therefore it may be necessary to amend this Pay Policy Statement and the Pensions Discretion Statement in 2021, should any further changes to the law be made.

3. FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS

- 3.1 An annual pay policy is a requirement of the Localism Act. The policy sets out the pay policy of the Council but there is no direct expenditure as a result of publishing the document

Approved by: Matt Davies, Deputy S151 Officer

4. LEGAL CONSIDERATIONS

- 4.1 The Head of Litigation and Corporate Law comments on behalf of the Interim Director of Law and Governance that the Council has to comply with the requirements of the Localism Act 2011, which requires the Council to approve a Pay Policy Statement for the financial year 2021/2022 and in future years and must have regard to any guidance issued or approved by the Secretary of State. The Council must also comply with its obligations under the Accounts and Audit (England) Regulations 2015 and the Local Government Transparency Code.
- 4.2 The proposed statement complies with the statutory requirements for Pay Policy Statements as set out in the Localism Act 2011. As per section 112 of the Local Government Act 1972 the remuneration of employees must be such reasonable remuneration as the Council thinks fit. The Localism Act 2011, contains a definition of 'Chief Officer' which is set out in the proposed policy. The Localism Act 2011 also requires that the Council must decide on a definition of 'lowest paid employees' and set out the reasons for that decision.
- 4.3 On 12th February 2021, the Government announced that it will be revoking the Restriction of Public Sector Exit Payments Regulations 2020 and issued Treasury Directions, the Exit Payment Cap Directions 2021 which came into force on 12th February 2021, to suspend the Restriction of Public Sector Exit Payments Regulations 2020 whilst the formal process of revocation takes place. The Government also issued Guidance which states at paragraph 3.2: *'In light of the withdrawal of the Regulations, employers are encouraged to pay to any former employees who had an exit date between 4th November 2020 and 12th February 2021 and to whom the cap was applied, the additional sums that would have paid but for the cap. Given that the cap has now been disapplied, it is open to employers to do so and HM Treasury's expectation is that they will do so.'* The Council will therefore comply with the Exit Payment Cap Directions 2021 and Guidance.
- 4.4 It is noted that the Guidance at paragraph 1.5 states that *'HM Treasury will bring forward proposals at pace to tackle unjustified exit payments'*, therefore it may be necessary to amend this Pay Policy Statement and the Pensions Discretion Statement in 2021, should any further changes to the law be made.

Approved by Sandra Herbert, Head of Litigation and Corporate Law and Deputy Monitoring Officer on behalf of the Interim Director of Law and Governance. & Deputy Monitoring Officer

5. HUMAN RESOURCES IMPACT

5.1 There are no direct Human Resources considerations arising from this report.

Approved by: Sue Moorman, Director of Human Resources

6. DATA PROTECTION IMPLICATIONS

6.1 The recommendations contained within this report will not directly involve the processing of data

Approved by: Elaine Jackson, Interim Assistant Chief Executive

CONTACT OFFICER: Sue Moorman, Director of Human Resources ext 60881

APPENDICES TO THIS REPORT:

Appendix A : Croydon Pay Policy Statement 2021/2022