



Constitution and General Purposes Committee

4 October 2021

Title	Amendments to the Pay Policy Statement and Associated Policies
Report of	Jon Bell, Assistant Director – Human Resources and Organisational Development
Wards	Not Applicable
Status	Public
Urgent	No
Key	No
Enclosures	Appendix A – Policy for Payments for Additional Responsibilities and Outstanding Contributions Appendix B – Amended 2021/22 Pay Policy Statement
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Summary

The Council's current Pay Policy is proving to be insufficiently flexible, in some respects, to meet the organisation's needs. The size and complexity of the Council mean that officers are occasionally required to undertake work that would ordinarily fall outside the scope of their role. The Council's current Pay Policy includes no facility for providing additional remuneration in such circumstances and/or where an individual employee has made an outstanding contribution to its work.

In addition, the Council's current policy on recruitment and retention payments is proving too restrictive to support recruitment in certain specialist roles where market forces are creating greater competition among employers for skills and expertise.

Officer Recommendations

The Committee are recommended to:

- 1. Approve the Policy Additional Payments and Outstanding Contributions (as attached at Appendix A).**
- 2. Approve the proposal to abolish the limits to Reward and Recognition payments.**
- 3. Agree amendments to the Council's 2021/22 Pay Policy Statement which reflect the changes in 1 and 2 above. The amended Pay Policy Statement (as attached at Appendix B) would then need to be referred to Full Council for approval.**

1. WHY THIS REPORT IS NEEDED

- 1.1 Section 112 of the Local Government Act 1972 stipulates that local authorities have the "power to appoint officers on such reasonable terms and conditions" as they see fit.
- 1.2 Section 38(1) of the Localism Act 2011 requires local authorities to publish a Pay Policy Statement. Furthermore, Section 39(4) of the aforementioned Act permits an authority to amend its Pay Policy Statements during the year to which the Statement relates.
- 1.3 The purpose of this report is to outline officer recommendations for the introduction of a new Policy for Payments for Additional Responsibilities and Outstanding Contributions, and for the removal of the caps that currently apply to Recruitment and Retention Payments.
- 1.4 Making the proposed changes would result in a requirement to amend the Council's Pay Policy Statement with Full Council approval.

2. REASONS FOR RECOMMENDATIONS

- 2.1 With the introduction of the Unified Reward pay agreement, the Council removed the flexibility to award ad hoc honorarium payments to staff who undertake duties over and above their normal job role, or who make an outstanding contribution through their hard work and good performance. Whilst there were valid reasons for doing this at the time, the policy is now proving to be too restrictive for the modern working environment. This has been particularly evident during the recent COVID pandemic, when staff members have made particularly exceptional contributions.
- 2.2 Pursuant to the terms of the Unified Reward agreement (paragraph IX.), the Council has adopted a Recruitment and Retention Policy whose provisions included a facility for the Council to make additional payments in respect of posts for which recruitment and/or retention challenges had been identified. The aforementioned Policy limits such payments to 10% of the base salary for the respective post for each of the two elements.

- 2.3 Local authorities have been facing a challenging labour market in respect of certain roles/services, principally as a result of structural/macroeconomic issues such as workforce demographics and the implications of Brexit. The ongoing Covid-19 pandemic has further impacted the labour market locally and across the United Kingdom, in addition to creating the need for the Council to assign additional responsibilities to a number of officers on a temporary basis. Furthermore, in the context of the exceptionally demanding circumstances surrounding the pandemic, Council staff have shown resilience and dedication to the organisation, with some employees having truly gone 'above and beyond' what would ordinarily be expected of them.
- 2.4 On the basis of the above, Members are recommended to introduce a new Policy that would reinstate the facility for senior management to award payments to officers who are required to undertake additional responsibilities or/and have made outstanding contributions to the work of the Council, subject to adequate controls. While the reinstatement of such a facility is not likely to imminently result in an obvious improvement in the Council's positioning within the labour market, payments in recognition of additional responsibilities and outstanding contributions are very likely to have a positive effect on employee engagement and willingness to 'go the extra mile' in undertaking additional duties as required.
- 2.5 Furthermore, in order to address current and upcoming recruitment and retention challenges, members are recommended to remove the cap on Recruitment and Retention payments [which are currently limited to 10% of the base salary of a post for each of the two elements]. It is important to note that the removal of the cap is unlikely to result in a material increase in the Council's pay bill as R&R payments only apply to a small number of posts- as at December 2020, a total of 16 officers (less than 1% of the Council workforce) were in receipt of the 20% cumulative maximum. There is a robust process¹ currently in place for authorising R&R payments; removing the cap would not affect that process.
- 2.6 The proposed new Policy for Additional Responsibility and Outstanding Contribution Payments and the already established approach to awarding Recruitment and Retention payments to posts within the Council's paid service establishment both include safeguards to ensure they are used in a manner that is responsible, appropriate, and consistent across the Council.

3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

- 3.1 The proposed changes have been devised in order to address issues and risks which are associated with the current approach.
- 3.2 Maintaining the status quo would be likely to have a negative impact on employee engagement, particularly if there is an ongoing need for officers to undertake substantial additional responsibilities in relation to pandemic restrictions and/or work that relates to supporting the Council, businesses and/or residents to recover from the pandemic.

¹ R&R payments can only be authorised subject to a business case incorporating a 'benchmarking' study which evidences that the remuneration corresponding to the evaluated grade for a post is lower than what other employers pay for similar roles.

- 3.3 Recent developments in the labour market mean that the Council is facing some competitive pressure for recruiting and retaining staff in certain occupational groups. In certain areas of social work, agency workers often command significantly higher rates of pay than permanent employees. The Council seeks to minimise the need to engage temporary workers to cover ongoing work, as that approach typically carries additional costs (e.g. agency fees) as well as higher risks around business continuity and the quality of service provision. Retaining the R&R payment caps is likely to result in an increasing reliance on temporary workers and constrain the Council's ability to appoint and retain officers in occupational groups delivering critically important services in the face of turbulent labour market conditions, fluctuations in inflation rates etc.

4. POST DECISION IMPLEMENTATION

- 4.1 Should the Committee approve the current proposals, officers within the HR&OD Service will arrange for the new Policy to be made available to Council staff and other relevant stakeholders, and for an update to be made to the Council's payroll system in order to ensure that relevant payments are correctly requested, approved, made, and recorded.
- 4.2 The Recruitment and Retention Payments policy would also be amended to reflect the removal of the 10% cap for each element.
- 4.3 The proposed amendments to the Pay Policy Statement would require Full Council approval prior to publication.

5. IMPLICATIONS OF DECISION

5.1 Corporate Priorities and Performance

- 5.1.1 The proposed changes are likely to enhance corporate resilience and the Council's overall capacity to reliably deliver services to its residents and service users.

5.2 Resources (Finance & Value for Money, Procurement, Staffing, IT, Property, Sustainability)

- 5.2.1 The costs of implementing the changes are provided for within existing approved Budgets. Although additional payments and higher R&R payments will result in some costs, they will also lead to savings due to higher retention rates and reduced reliance on agency staff

5.3 Social Value

- 5.3.1 Not applicable

5.4 Legal and Constitutional References

- 5.4.1 Section 38(1) of the Localism Act requires local authorities to produce an annual pay policy statement. If the officer recommendations are approved by the Committee, the resultant changes to the Pay Policy Statement would require approval by Full Council.

- 5.4.2 The Council's Constitution, Article 7 (Committees, Forums, Working Groups and Partnerships) designates the [Constitution and General Purposes] Committee as

responsible for overseeing the Council's governance arrangements, which cover staffing matters, including, inter alia:

- Salaries and terms and conditions;
- pay and reward strategy; and
- developing the annual pay policy statement for Full Council approval

5.5 Risk Management

5.5.1 As outlined in previous sections of this report, the proposed changes aim to address risks related to employee engagement, recruitment, and retention, by providing the facility for the Council to provide appropriate levels of additional remuneration in relation to additional duties, outstanding contributions, and posts for which there are recruitment and retention challenges. Officers in the HR&OD Service believe that such a facility would be useful on an ongoing basis, but that it is particularly pertinent in the context of a tightening labour market.

5.6 Equalities and Diversity

5.6.1 Not directly applicable to the Pay Policy Statement. The proposed Policy for Additional Responsibility and Outstanding Contribution payments contains an Equalities Statement that reflects the Council's priorities and overall approach to promoting equality, diversity, and inclusion in employment.

5.7 Corporate Parenting

5.7.1 Not applicable

5.8 Consultation and Engagement

5.8.1 The Council's recognised trade unions have been consulted on the proposed Policy for Additional Responsibility and Outstanding Contribution Payments, and have raised no objections or concerns.

5.8 Insight

5.8.1 Not applicable

6. BACKGROUND PAPERS

6.1 Local Government Act 1972 (<https://www.legislation.gov.uk/ukpga/1972/70/contents>)

6.2 Localism Act 2011 (<https://www.legislation.gov.uk/ukpga/2011/20/contents/enacted>)

- 6.3 Recruitment and Retention Policy, as approved by the LBB General Functions Committee at its meeting of 6th December 2016.
(<https://barnet.moderngov.co.uk/documents/g8779/Public%20reports%20pack%2006th-Dec-2016%2019.00%20Constitution%20and%20General%20Purposes%20Committee.pdf?T=10>)
- 6.4 The Code of Recommended Practice for Local Authorities on Data Transparency
(https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/5967/1997468.pdf)