

# LONDON BOROUGH OF CROYDON

<b>REPORT:</b>	<b>COUNCIL</b>	
	<b>Part A - APPOINTMENTS AND DISCIPLINARY COMMITTEE</b>	
<b>DATE OF DECISION</b>	<b>9 DECEMBER 2024 (Appointments and Disciplinary Committee)</b>	
	<b>11 DECEMBER 2024 (Full Council)</b>	
<b>REPORT TITLE:</b>	<b>AMENDMENT TO THE PAY POLICY STATEMENT 2024-25 FOLLOWING A REVIEW OF THE MARKET SUPPLEMENT POLICY AND PROCEDURE</b>	
<b>CORPORATE DIRECTOR / DIRECTOR:</b>	<b>ELAINE JACKSON ASSISTANT CHIEF EXECUTIVE</b>	
<b>LEAD OFFICER:</b>	<b>GILLIAN BEVAN HEAD OF HR BUSINESS PARTNERING Email: <a href="mailto:Gillian.bevan@croydon.gov.uk">Gillian.bevan@croydon.gov.uk</a></b>	
<b>LEAD MEMBER:</b>	<b>CLLR JASON CUMMINGS CABINET MEMBER FOR FINANCE</b>	
<b>DECISION TAKER:</b>	<b>APPOINTMENTS AND DISCIPLINARY COMMITTEE</b>	
	<b>FULL COUNCIL</b>	
<b>AUTHORITY TO TAKE DECISION:</b>	<b>APPOINTMENTS AND DISCIPLINARY COMMITTEE</b>	
	<b>FULL COUNCIL</b>	
<b>KEY DECISION?</b>	<b>NO</b>	REASON: N/A
<b>CONTAINS EXEMPT INFORMATION?</b>	<b>NO</b>	<b>PUBLIC</b>
<b>WARDS AFFECTED:</b>	<b>N/A</b>	

## 1 SUMMARY OF REPORT

1.1 This report concerns amendments to the Pay Policy Statement 2024-25 following:

- the transferring from the General Purposes Committee (GPC) to the Appointments and Disciplinary Committee the functions of recommending a pay policy statement to Full Council.
- a review of the Council's Market Supplement Policy and Procedure and resulting amendments approved by the Chief Executive and Head of Paid Service under delegated authority.

## **2 RECOMMENDATIONS**

For the reasons set out in the report and its appendices, **Appointments and Disciplinary Committee** is recommended to:

- 2.1.1 Note the amendments to the Market Supplement Policy and Procedure relating to changes to the level payment of market supplements and the inclusion of a Special Occupational Scarcity Allowance attached at Appendix 2
- 2.1.2 Consider and recommend to Full Council the adoption of the amended Pay Policy Statement for 2024-25 attached at Appendix 1.

For the reasons set out in the report and its appendices, **Full Council** is recommended to:

- 2.2.1 Approve the adoption of the amended Pay Policy Statement 2024-2025 (as attached at appendix 1) and to proceed to republish it in accordance with the requirements of section 39 in the Localism Act 2011.

## **3 REASONS FOR RECOMMENDATIONS**

- 3.1 To ensure that the Pay Policy Statement complies with the decision-making requirements within the Constitution in view of the amendments to the Market Supplement Policy and Procedure.
- 3.2 To comply with the legal requirement for the Council, in accordance with section 38 of the Localism Act, to present and publish an annual Pay Policy Statement.

## **4 BACKGROUND AND DETAILS**

- 4.1 All of the staffing changes to the Constitution were agreed by General Purposes Committee (GPC) on 10 June 2024 and Full Council on 17 July 2024. The GPC report, which was subsequently appended to the Full Council report, stated amongst other matters:

4.4 *In addition to the proposed changes to the Rules, it is also proposed to amend the terms of reference of ADC:*

4.4.1 *so that they align with the Rules;*

4.4.2 *by transferring from the General Purposes Committee to ADC the functions of recommending a pay policy statement and approving, in limited and specified circumstances, special severance payments. The aim is to make ADC responsible for all staffing matters;*

4.2 The Constitution (Part 3, 2.1) records the revised terms of reference of the Appointments and Disciplinary Committee (ADC). In particular paragraph 11. "Consideration and recommendation to Full Council of the Pay Policy Statement as and when required".

4.3 Attached at Appendix 1, is the Council's proposed amended Pay policy statement for the financial year 24/25 which sets out the Council's policies relating to the remuneration of the Council's workforce, including its Chief Officers. The Pay Policy has been reviewed and requires updating to reflect changes to the Market Supplement Policy and Procedure made by the Chief Executive under delegated authority granted by the Committee on 30 July 2024 in relation to the level and elements of the payment of market supplements and the inclusion of a Special Occupational Scarcity Allowance.

Other minor changes are required to the pay Policy Statement to reflect the transfer of staffing functions from General Purposes Committee to the Appointment and Disciplinary Committee.

### **Changes payment of Market Supplements and inclusion of Special Occupational Scarcity Allowance**

4.4 A review of the Market Supplement Policy and Procedure has been necessary given the increasingly competitive employment market which impacts on the council's ability to attract and retain staff with the required skills, knowledge and experience.

4.5 Market supplements will only be paid in exceptional circumstances, once alternative options on recruitment and retention have been exhausted. There must be clear and objective evidence, with employment market benchmarking data and a business case, setting out that there is a real business need to recruit/retain staff in a hard to fill post; that the problem cannot be resolved through the Council's job evaluation process in the first instance and that the Council's remuneration package is significantly below the market rate for the role.

4.6 A report covering the review of the Market Supplement Policy and Procedure was presented to Corporate Management Team (CMT) on 11 September 2024. This report included equalities data showing that in relation to market supplement payments female staff and global majority staff are underrepresented. This is addressed in 4.7(4) below. The report also provided benchmarking with 15 other London Councils which showed that Croydon was the only council applying an arbitrary cap (of 20% basic salary) on market supplements payments (this is addressed in 4.7(1) below).

**4.7** The amendments to the Market Supplement Policy and Procedure as agreed by the Chief Executive under delegated authority are shown in track changes attached as Appendix 2. These changes include:

**(1) Removal of the market supplement cap of 20% of basic pay and introducing more scrutiny where higher market supplement payments are sought.** Removing the cap to provide the flexibility for the council to recruit at the market rate where needed. However, there is more scrutiny in place, for example market supplements over 20% of basic pay, and /or where there is a collection of the same posts, must be approved by the Chief People Officer in consultation with CMT.

**(2) Increase the market supplement review period from 12 months to 2 - 3 years** The review period has been increased to 2 - 3 years, with the business case stating why the market supplement should be longer than 2 years (i.e. up to 3 years) and providing a clear rationale for objective justification of the payment. The employment contract variation and the market supplement policy also provides that if the market conditions were to change unexpectedly, any review of the market supplement can be brought forward.

**(3) Ensure there is a more robust Equalities Impact Assessment in the market supplement applicant and review process.** An EQIA must be undertaken using the Council Equality Impact Assessment template. The market supplement business case should also include an action plan for diverse recruitment to the job role and how they are supporting succession planning (e.g. apprenticeships/work placements) to fill hard to recruit roles. A post would still need to be advertised to test the market, before a market supplement is applied unless there are exceptional circumstances,

**(4) The Market Supplement policy has been updated to include the Special Occupational Scarcity Allowance,** which will only apply at Director and Corporate Director level, to be considered and agreed if appropriate, at the Appointments and Disciplinary Committee in relevant senior management role cases.

As there are instances where a market supplement may dissuade good calibre candidates from applying for posts as a market supplement is not a permanent contractual element of pay. From time to time therefore it may be necessary to pay a Special Occupational Scarcity Allowance to individual employees as part of their employment contract where there is a business case that specific exceptional circumstances require this and where there is clear and objective evidence including employment market benchmarking, and it can be justified in accordance with council policies.

**4.8** An Equalities Impact Assessment of all market supplements and Special Occupational Scarcity Allowances will be undertaken on an annual basis. In this way the balance of protected characteristics for staff in receipt of these payments can continue be monitored.

## **Change in delegations**

- 4.9** As result of the changes to the Constitution made by Full Council to transfer staffing functions to ADC paragraphs 4.3 and 4.5 of the Pay Policy Statement have been updated to state that this Committee is responsible for making certain urgent decisions on severance packages and special severance payments.

## **5 ALTERNATIVE OPTIONS CONSIDERED**

- 5.1** *To not made the amendments to the Pay Policy Statement 2024-25 and wait to make these amendments in the Pay Policy Statement 2025-26:*

The Pay Policy Statement 2025-26 will be prepared and brought to ADC for recommendation to Full Council in time for Budget Council on 26 March 2025. The amendments to the Pay Policy Statement 2024-25 are required sooner however to support the council's ability to attract and retain staff with the required skills, knowledge and experience.

- 5.2** *To amend the Pay Policy Statement 2024-25 so that it reflects the changes to the Market Supplement Policy and the transferring of functions from GPC to ADC in recommending the Pay Policy Statement to Full Council.*

This is the recommended option in view of the changes to the Constitution (Part 3, 2.1) which records the revised terms of reference of ADC in recommending a Pay Policy Statement to Full Council. Making the amendments now, to reflect the changes to the Market Supplement Policy and Procedure, will provide the Council with more flexibility in terms of the recruitment and retention of skilled and experienced staff. This is particularly important in relation to any forthcoming organisational change.

## **6 CONSULTATION**

- 6.1** This report to the Appointments and Disciplinary Committee in the first instance forms an important part of consultation with the opportunity for members to consider alternative options set out above and decide upon the proposals. The Council's recognised Trade Unions have been consulted on the changes to the Market Supplement Policy and Procedure and resulting changes to the Pay Policy Statement.

## **7 CONTRIBUTION TO COUNCIL PRIORITIES**

- 7.1** The matters covering in this report directly relate to the [Executive Mayor's Business Plan 2022 - 2026](#) , priority 4, which is to ensure good governance is embedded and adopts best practice.

## **8 IMPLICATIONS**

### **8.1 FINANCIAL IMPLICATIONS**

- 8.1.1 Finance have assessed the impact of the decision and can confirm that the recommendations in this report can be met within existing budgets. Where appropriate salary budgets for costs associated with the application of the national pay award have already been reflected in current budgets. All market supplements and Special Occupational Scarcity Allowances will be subject to confirmation that the payments can be met within existing budgets.
- 8.1.2 Comments approved by James Huggett, Head of Strategic Finance on behalf of the Director of Finance. (Date: 08.11/.2024)

### **8.2 LEGAL IMPLICATIONS**

- 8.2.1 The Localism Act 2011 requires the Council to prepare a Pay Policy Statement for each financial year. It must be approved by a resolution of the Council before it comes into force, it must be prepared and approved before 31<sup>st</sup> March each year, and it must be published in such manner as the Council thinks fit (which must include publication on the website). The most recent Pay Policy Statement was approved by Full Council on 28 February 2024. The Council may amend by a resolution passed by Full Council its Pay Policy Statement 24/25 during the current financial year. The publication requirements also apply where the Pay Policy statement has been amended.
- 8.2.2 The Chief Executive has amended the Market Supplement Policy and Procedure under delegated authority granted by the Committee to make the changes outlined in the report. The Council must make it clear in the Pay Policy Statement its approach to other elements of remuneration by updating and publishing of these. The recommendations set out in the report comply with statutory requirements.
- 8.2.3 For the Council to meet its obligations in respect of equal pay in relation to the payment of additional remuneration these will be considered and only be paid in exceptional circumstances. The requirement for an evidenced based business case and equalities impact assessment will assist the Council in identifying any potential equality issues and taking action to mitigate any equalities issues where required.
- 8.2.4 Comments approved by: The Principal Lawyer Corporate Law and Litigation (Date: 28.11.2024)

### **8.3 EQUALITIES IMPLICATIONS**

- 8.3.1 The Council will continue to monitor carefully the equalities issues associated with pay, including the pay ratio, gender pay gap, ethnicity pay gap and disability pay gap. New appointments to senior roles will be reviewed, including the appointment of senior staff by protected characteristics, a key quality performance indicator.
- 8.3.2 All Senior postholders will be required to promote the Public Sector Equality Duty (PSED) as set out in Section 149 of the Equalities Act 2010. When exercising its functions, the Council must give due regard to:
- (i) Eliminating discrimination, harassment, victimisation, and any other conduct that is prohibited by or under this Act.
  - (ii) Advancing equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it.
  - (iii) Fostering good relations between persons who share a relevant protected characteristic and persons who do not share.
- 8.3.3 Senior members of staff are also responsible for the deliverables of the Equality Strategy 2023 – 2027 within their service area.
- 8.3.4 Senior post holders will also be requested to share equality monitoring data when in post.
- 8.3.5 Comments approved by Ken Orlukwu, Senior Equalities Officer, on behalf of Helen Reeves, Head of Strategy & Policy (Date:18.11.2024)

### **8.4 HUMAN RESOURCES IMPLICATIONS**

- 8.4.1 There are no additional human resources impacts beyond those described in the body of the report.
- 8.4.2 Comments approved by Gillian Bevan, Head of HR Business Partnering on behalf of the Chief People Officer (Date: 19.11.24)

## **9. APPENDICES**

Appendix 1: Amended Pay Policy Statement for 2024-25

Appendix 2: Amended Market Supplement Policy and Procedure