

LONDON BOROUGH OF CROYDON

REPORT:	FULL COUNCIL	
DATE OF DECISION	28 FEBRUARY 2024	
REPORT TITLE:	CROYDON PAY POLICY STATEMENT 2024/25	
CORPORATE DIRECTOR / DIRECTOR:	ELAINE JACKSON, ASSISTANT CHIEF EXECUTIVE DEAN SHOESMITH, CHIEF PEOPLE OFFICER	
LEAD OFFICER:	DEAN SHOESMITH, CHIEF PEOPLE OFFICER Email: Dean.Shoesmith@croydon.gov.uk	
LEAD MEMBER:	CLLR JASON CUMMINGS CABINET MEMBER FOR FINANCE	
AUTHORITY TO TAKE DECISION:	Part 2 of the Constitution- Article 4- Functions of Full Council, section 4.1, paragraph (p), provides that Full Council shall approve the Pay Policy Statement.	
KEY DECISION?	NO	N/A
CONTAINS EXEMPT INFORMATION?	NO	PUBLIC
WARDS AFFECTED:	ALL	

1 SUMMARY OF REPORT

- 1.1** In accordance with sections 38 and 39 of the Localism Act 2011, the Council is required to prepare and publish an annual Pay Policy Statement.
- 1.2** The Pay Policy Statement for the financial year 2024/25 is attached at Appendix 1 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
- 1.3** The purpose of this report is to:

- (1) approve the Council's Pay Policy Statement for the financial year 2024/2025 as recommended by General Purposes Committee on 19 February 2024.

1.4 A copy of the General Purposes Committee (GPC) report 19 February 2024 is included in the appendices for reference together with the GPC Addendum report. The GPC Addendum report outlines the changes to the GPC report and Pay Policy Statement following the recommendations of the Appointments and Disciplinary Committee (ADC) on 15 February 2024, which dealt with an item on Senior Staffing Matters: Review of Chief Executive and Head of Paid Service Pay.

2 RECOMMENDATIONS

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

- 2.1 To approve the annual Pay Policy Statement for the financial year 2024-25 (as recommended by General Purposes Committee on 19 February 2024) and proceed to publish it in accordance with the requirements of section 39 of the Localism Act 2011;
- 2.2 To note the clarification within the Pay Policy Statement 2024-25 in relation to the definition of Deputy Chief Officers;
- 2.3 To note that the Market Supplement Policy and Procedure is under review. Pending the outcome of the review, the Pay Policy Statement 2024-25 in reference to market supplements may then require amending, subject to full Council approval following consideration and recommendation by General Purposes Committee;
- 2.4 To note that the Chief Executive and Head of Paid Service's salary, which has been due for review since April 2023, was reviewed at Appointments and Disciplinary Committee on 15 February 2024. Appointments and Disciplinary Committee agreed the recommendation that the pay for the Chief Executive and Head of Paid Service be contractually attached to the national pay review body covered by the Joint Negotiating Committee for Chief Executives, and that the Chief Executive and Head of Paid Service will therefore receive the 3.5% JNC Chief Executive's pay award for 2023/4. The salary for this post will then be £199,210 effective from 1 April 2023. The contract of employment will be varied, in consultation with the postholder;
- 2.5 To note the proposed changes set out in the Pay Policy Statement to obtaining approvals in relation to salary packages of £100k or more, and to request officers to prepare the necessary reports setting out consequential proposed changes to the Appointments and Disciplinary Committee's terms of reference, and any other necessary changes to the Council's Constitution, for consideration by General Purposes Committee and to be recommended to full Council.

3 REASONS FOR RECOMMENDATIONS

- 3.1 To comply with the legal requirements for the Council, in accordance with sections 38 and 39 of the Localism Act 2011, to prepare and publish an annual Pay Policy Statement.

4 BACKGROUND AND DETAILS

- 4.1 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.

- 4.2 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 prepared, 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.

- 4.3 Former Pay Policy statements refer to Corporate Directors and Directors as 'Chief Officers' and posts reporting into Directors, including Heads of Service and certain senior staff in posts above grade 17 but below Chief Officer as 'deputy Chief Officers'. The amendment to the Pay Policy statement 2024-25 clarifies the definition of Deputy Chief Officer within the meaning of section 2(8) of the Local Government and Housing Act 1989. In accordance with section 2(8) of the Local Government and Housing Act 1989, "*deputy chief officer means 'a person who, as respects all or most of the duties of their post, is required to report directly or is directly accountable to one or more of the statutory or non-statutory chief officers'*". As applied to the Council's structure this means a Director or Head of Service, who is required to report directly or who is directly accountable to one or more of the statutory or non-statutory Chief Officers.

- 4.4 The Market Supplement Policy and Procedure is under review, which is likely to be completed before the 2024-5 financial year. Pending the outcome of the review, the Pay Policy statement, in reference to the paragraph on market supplements, may then require amending to reflect any changes to the Market Supplement Policy and Procedure.

4.5 Chief Executive and Head of Paid Service Pay

On 15th February 2024, Appointments and Disciplinary Committee approved a recommendation to contractually attach the post of Chief Executive and Head of Paid Service to the national pay review body covered by the Joint Negotiating Committee (JNC) for Chief Executives. This means that the post of Chief Executive and Head of

Paid Service will be part of the JNC for Chief Executives pay review scheme and will receive the agreed 3.5.% JNC pay award for 2023/2024 effective from 1st April 2023 (and any subsequent pay awards agreed by the JNC for Chief Executives, thereafter). The Chief Executive and Head of Paid Service's salary is therefore £199,210, as set out in the revised Pay Policy Statement for the financial year 2024/2025.

4.6 **Appointments**

Statutory guidance issued by the Secretary of State, in February 2012 under section 40 of the Localism Act 2011 (*Openness and accountability in local pay: Guidance under section 40 of the Localism Act 2011*) provides that Full Council, or a meeting of members, should take decisions about remuneration packages for new appointments of £100,000 or more per year.

4.7 Former Pay Policy statements refer to the Appointments and Disciplinary Committee as having delegated responsibility for approving appointments and decisions about remuneration packages for new appointments of £100,000 or more per year in accordance with the provisions of the Localism Act 2011. It is instead proposed in the 2024 /2025 Pay Policy Statement that the Appointments and Disciplinary Committee has delegated responsibility for approving such remuneration packages for new Chief Officer posts. Where it is proposed to appoint to a Chief Officer post which is not in existence at the time of the publication of this pay policy statement, and the proposed remuneration is £100,000 per annum and above, the appointment may not be made unless the Appointments and Disciplinary Committee has agreed to the level of remuneration for the new post. This amendment provides clarity that unless the remuneration of a new deputy Chief Officer post at Head of Service level is £100,000 or more (noting that the current maximum spine point of Head of Service CSRB is £95,296 and the NJC National Pay Award for 2024/25 is yet to be negotiated), the posts to which this proposed provision will apply will almost always be Corporate Directors and Directors on Croydon Chief Officer Grade 1 and above.

5 **ALTERNATIVE OPTIONS CONSIDERED**

5.1 As the Pay Policy Statement is a requirement of the Localism Act 2011, it must be prepared, agreed by a vote of full Council and published and, therefore, there are no other options considered.

6 **CONSULTATION**

6.1 This report is a statement of fact regarding the pay of senior officers in the Council. Senior pay is carefully consulted on with lead members.

7 CONTRIBUTION TO COUNCIL PRIORITIES

- 7.1 *We will live within our means, balance the books and provide value for money for our residents, including the pay for senior managers which has been benchmarked and independently evaluated and in the making of Special Severance Payments and agreeing severance packages.*

8 IMPLICATIONS

8.1 FINANCIAL IMPLICATIONS

8.1.1 Finance have reviewed the report and can confirm that all salaries will be accounted for in the 2024-25 budget. Any additional costs arising from the policy will be approved through the Council's governance process as they occur.

8.1.2 Comments approved by Lesley Shields, Head of Finance for Assistant Chief Executive and Resources on behalf of the Director of Finance. (10/02/2024)

8.2 LEGAL IMPLICATIONS

8.2.1 The Council must comply with the requirements of sections 38, 39 and 42 of the Localism Act 2011, which require the Council to prepare, approve and publish a Pay Policy Statement for the financial year 2024/2025 and in future years and must under section 40 of the Localism Act 2011, have regard to any guidance issued or approved by the Secretary of State. Under section 41 of the Localism Act 2011, the Council must comply with its Pay Policy Statement when making certain determinations relating to remuneration. The Council must also comply with its obligations under Regulation 10 of the Accounts and Audit Regulations 2015 and the Local Government Transparency Code. The 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 proposed Pay Policy Statement for the financial year 2024/2025 has been prepared in order for the Council to comply with its statutory obligations.

8.2.2 Under section 112 of the Local Government Act 1972, the Council has the "power to appoint officers on such reasonable terms and conditions as the authority thinks fit", subject to section 41 of the Localism Act 2011 (requirement for determinations relating to terms and conditions of Chief Officers to comply with the Pay Policy Statement).

8.2.3 The Localism Act 2011 contains a definition of 'Chief Officer' which has been applied the Council's structure and is set out in the proposed policy. Section 43 of the Localism Act provides that 'Chief Officer' means the Head of Paid Service, the Monitoring Officer and any 'statutory chief officer', 'non-statutory chief officer' or 'deputy chief officer' as defined in sections 2(6)-(8) of the Local Government and Housing Act 1989. A 'statutory chief officer' is defined as the director of children's services, the director of adult social services, the director

of public health, and the section 151 officer. A 'non-statutory chief officer' is defined as a person for whom the Head of Paid Service is directly responsible, or a person who is required to report directly or is directly accountable to the Head of Paid Service, or the authority or one of its committees or sub-committees as respects most or all of their duties. 'Deputy chief officer' is defined as a person who as respects all or most of the duties of their post is required to report directly, or is directly accountable to one or more of the statutory, or non-statutory chief officers.

8.2.4 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. As required by Section 38 of the Localism Act, this Pay Policy Statement sets out the Council's policy for 2024/25 on:

- The remuneration of its senior staff designated Chief Officers in accordance with the statutory definitions mentioned above
- 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.

8.2.5 Statutory guidance issued by the Secretary of State, in February 2012 under section 40 of the Localism Act 2011 (*Openness and accountability in local pay: Guidance under section 40 of the Localism Act 2011*) and Supplementary Guidance issued in 2013 provide that Full Council should take decisions about remuneration packages for new appointments of £100,000 or more per year. The Appointments and Disciplinary Committee has delegated responsibility for "the function in respect of voting on salary packages upon appointment" and hitherto it has been accepted this covers the approval of remuneration packages for new appointments of £100,000, or more, per year in accordance with the Guidance and Supplementary Guidance. However, as set out in the Pay Policy Statement, it is proposed that going forward approval in relation to such remuneration packages is only sought from the Appointments and Disciplinary Committee in relation to "Chief Officers" in accordance with the definition referred to above, and that approval is only sought in relation to any new "Chief Officer" posts to which such remuneration packages attach, which are created after the date of approval by full Council of the Pay Policy Statement. Given that the Guidance and Supplementary Guidance were issued in relation to preparing the Pay Policy Statement, and that Statement is concerned with the remuneration of "Chief Officer" posts, and given that full details of the remuneration packages of all existing "Chief Officer" posts are already set out for full Council to consider as part of approving the Pay Policy Statement, it is considered this is a reasonable and lawful interpretation of the Guidance and Supplementary Guidance. In addition, it is considered reasonable and lawful to limit such approvals to the creation of new posts, rather than to each appointment of specific individual officers to particular posts, given that there is now a comprehensive framework for the appointment of officers in the Local Authorities (Standing Orders) (England) Regulations 2001, and in the Council's Constitution. However, to demonstrate good governance, the functions of the Appointments and Disciplinary Committee should be clarified so as to properly reflect these matters.

- 8.2.6 On 12 May 2022, the Government issued Statutory Guidance on the Making and Disclosure of Special Severance Payments by Local Authorities in England and the Council must adhere to that guidance as part of the best value regime for local authorities in England. The best value duty, as set out in section 3 of the Local Government Act 1999 provides “A best value authority must make arrangements to secure continuous improvement in the way on which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness”. The best value duty is relevant to local authority duties to deliver a balanced budget (Part 1 of the Local Government Finance Act 1992), provide statutory services and secure value for money in spending decisions. This includes decisions to make Special Severance Payments. The Council is the subject of Directions from the Secretary of State requiring the Council to, amongst others, improve on the management of its finances. The Pay Policy Statement for the financial year 2024/2025 also includes the Council’s policy on severance payments in accordance with section 38 of the Localism Act and the May 2022 statutory guidance.
- 8.2.7 As regards the approval process for the Pay Policy Statement, Part 3 of the Constitution - Responsibility of Functions, section 2, sub-section 2.5 sets out the terms of reference of the General Purposes Committee. Paragraph 5 states that the General Purposes Committee will consider and recommend to Full Council the Pay Policy Statement as required. Following a recommendation from the General Purposes Committee, it is then a function for Full Council to approve the Pay Policy Statement for 2024/2025. Part 2 of the Constitution- Article 4- Functions of Full Council, section 4.1, paragraph (p), provides that Full Council shall approve the Pay Policy Statement.
- 8.2.8 Comments approved by Sandra Herbert, the Head of Litigation and Corporate Law on behalf of the Director of Legal Services and Monitoring Officer.
(20/02/2024)

8.3 EQUALITIES IMPLICATIONS

- 8.3.1 The Council has a statutory duty to comply with the Public Sector Equality Duty (PSED) as set out in Section 149 of the Equalities Act 2010. When exercising its functions, the Council must therefore give due regard to:
- Eliminating discrimination, harassment, victimisation, and any other conduct that is prohibited by or under this Act.
 - Advancing equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it.
 - Fostering good relations between persons who share a relevant protected characteristics and persons who do not share.
- 8.3.2 The Council will continue to carefully monitor 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.

8.3.3 Recipients of severance payments will be monitored by protected characteristic. Any required action arising from analysis of this data should be considered by the appropriate Internal Control Board.

8.3.4 Comments approved by Helen Reeves, Head of Strategy & Policy.
(19/02/2024)

8.4 HUMAN RESOURCES IMPLICATIONS

8.4.1 The Human Resources implications are set out in the main body of this report.

8.4.2 Comments approved by Dean Shoesmith, Chief People Officer. (16/02/2024)

9 APPENDICES

9.1 1. *Pay Policy Statement 2024-25*

1a *Chief Officer Grades*

1b *Pay Structure for Chief Officers*

1c *Mileage rates*

1d *Early Retirement and Redundancy Scheme*

1e *GPC Addendum Report – Pay Policy Statement 2024-25*

1f *GPC report (19.2.24) – Pay Policy Statement 2024-25*