

Committee: Council

Date: 5 February 2020

Wards: All

Subject: Approval of the pay policy statement and of the Members' allowances scheme

Lead officers: Liz Hammond, Interim Head of HR; Louise Round, Managing Director of the South London Legal Partnership

Lead member: Councillor Mark Allison, Deputy Leader and Cabinet Member for Finance

Contact officers: Peter Andrews, Employee Relations, Pay and Rewards Manager; Julia Regan, Head of Democracy Services

Recommendations:

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1. That Council approve publication of the Pay Policy Statement for 2020/21;
 2. That Council reconfirm the existing Members' Allowance Scheme for 2020/21, to retain the same level of allowances for 2020/21, thereby agreeing to not apply the local government pay settlement, with effect from 1 April 2020;
 3. That Council approve an amendment to the Members Allowances Scheme so that the dependent carers allowance is set at the London Living Wage as recommended by the Independent Panel and agreed by Council on 18 September 2019;
 4. That Council approve the inclusion of a new paragraph in the Members Allowances Scheme to confirm that member allowances will continue to be paid during periods of sickness and parental leave (as agreed by Council on 18 September 2019); and
 5. That Council authorise the Monitoring Officer to make the consequent wording changes to the Members' Scheme of Allowances in Part 6 of the council's constitution as drafted in Appendix D.

1 PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 The Localism Act 2011 requires the Council to publish a pay policy statement and for the statement to be re-approved by Council each year.
- 1.2 The existing pay policy statement for 2019/20 was approved by Council on 6 February 2019. The only amendments from the last year's version are updates to the pay ratios to reflect the current position.
- 1.3 The report also recommends re-adopting the existing Members' Allowances Scheme with two amendments as requested by Council on 18 September 2019 to set the dependent carers allowance at the London Living Wage and to state

explicitly that allowances will continue to be paid during periods of sickness and parental leave.

2 DETAILS – PAY POLICY

- 2.1. The pay policy statement for the year 2019/20, approved by Council, is currently published on the Council's website.
- 2.2. Council is required to re-approve the pay policy statement each year.
- 2.3. There has been no change in the council's pay policy. The only amendments from last year's pay policy statement are to update the pay ratios and statutory gender pay gap information to reflect the current position, and to provide the ethnicity pay gap for the first time. The ethnicity pay gap has been determined using a similar methodology to that for the statutory gender pay gap, for those employees who have declared their ethnicity.
- 2.4. A draft Pay Policy Statement for 2020/21 is attached at Appendix A, along with the pay gap publication figures for 2018/19 at Appendices B and C.

3 DETAILS – MEMBER ALLOWANCES

- 3.1. In relation to the Members' Allowances Scheme the Council is required further to the Local Authorities (Members' Allowances) (England) Regulations 2003 to re-adopt its scheme of members allowances for the year 2020/21 and in doing so give due regard to the recommendations made by the report of the Independent Panel on the Remuneration of Councillors in London whose latest report was published in 2018.
- 3.2. The Independent Panel found that the workload and responsibilities of councillors continue to increase and that their role has become more complex. The Panel advised that allowances should be set at a level that enables people to undertake the role of councillor, whilst not acting as an incentive to do so. Furthermore, the Panel advised that there should not be a financial disincentive and that service as a councillor should not be confined to those with independent means.
- 3.3. The Independent Panel fully accepted that in the current financial climate, it would be inappropriate to recommend a general increase in members' allowances. It recommended that members' allowances be pegged to the annual local government pay settlement, as is already the case in Merton.
- 3.4. The Independent Panel recommended that the dependent carers allowance should be set at the London living wage but that, on presentation of proof of expense, payment should be made at a higher rate when specialist nursing skills are required.
- 3.5. The Independent Panel also recommended that Member allowances schemes should allow the continuance of Special Responsibility Allowances in the case of sickness, maternity and paternity leave under the same terms as the council's employees. This is the case in Merton though this is not explicitly stated within the scheme.
- 3.6. Council is reminded that, at its meeting on 18 September 2019, it resolved to raise the dependent carers allowance entitlement to the London Living Wage. It

also resolved to ensure that all councillors have an entitlement to parental leave after giving birth or adopting, and that this should be reflected in the constitution when the members' allowances scheme is renewed in February 2020.

- 3.7. This report therefore includes recommendations to implement those resolutions. The proposed wording changes to the council's constitution are set out in full in Appendix D.

4 ALTERNATIVE OPTIONS

- 4.1. Publication of a Pay Policy Statement and member allowances are statutory requirements.
- 4.2. The Council can seek to adopt any reasonable scheme of Member Allowances or can agree to retain the present scheme for 2020/21. The Regulations allow for amendments to come into effect from the beginning of the year in which the amendment was made.

5 CONSULTATION UNDERTAKEN OR PROPOSED

- 5.1. Any changes to the pay policy statement would be considered by the Council's Senior Remuneration Panel prior to submission to Council.

6 TIMETABLE

- 6.1. The Pay Policy Statement must be approved by Council for publication from 1 April 2020 on the Council's website.

7 FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

- 7.1. There has been no change in the council's pay policy, and the council is currently awaiting the outcome of national negotiation. The outcome of national negotiations was the agreement in June 2018 of a Chief Officers pay award of a 2% award for 2018 and 2019. The only amendments from last year's version are to update the pay ratios to reflect the current position.
- 7.2. There is provision in the draft MTFS for 2020-24 for an increase in the budgeted cost of salaries and Members' Allowances. These provisions will be kept under review each year.
- 7.3. At present Merton pays a dependent carer allowance of up to a maximum of £6 per hour. The London living wage is currently set at £10.55. No claims have been made by Merton Members in the past eight years.

8 LEGAL AND STATUTORY IMPLICATIONS

- 8.1. It is a statutory requirement under the Localism Act 2011 that the Council prepares and publishes an annual Pay Policy Statement to be approved at a meeting of the full council. The Council's Pay Policy Statement outlines the local authority's approach to the pay of its workforce and in particular the pay of its senior staff.

- 8.2. Guidance was issued to authorities in 2011 to accompany the Localism Act, and revised 'final supplementary guidance' was issued by the DCLG in late February 2013. The required changes were addressed in the 2013/14 Pay Policy Statement and in subsequent years.
- 8.3. The Local Authorities (Members' Allowances) (England) Regulations 2003 requires that a Members' Allowance Scheme is prepared and adopted before the beginning of each financial year. Before making or amending its Members' Allowances Scheme, the Council is required, by Regulation 19, to have regard to the recommendations of an Independent Remuneration Panel.

9 HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

- 9.1. The intention of the pay policy measures in the Localism Act is to improve transparency of decision making, particularly in relation to top earners in the organisation.

10 CRIME AND DISORDER IMPLICATIONS

- 10.1. None

11 RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

- 11.1. None

12 APPENDICES – THE FOLLOWING DOCUMENTS ARE TO BE PUBLISHED WITH THIS REPORT AND FORM PART OF THE REPORT

- Appendix A – draft pay policy statement for 2020/21.
- Appendix B – statutory gender pay gap publication figures for 2018/19
- Appendix C – statutory BAME pay gap publication figures for 2018/19
- Appendix D – proposed wording changes to the Members Scheme of Allowances, Part 6 of the council's constitution

13 BACKGROUND PAPERS

- 13.1. None