



## OFFICER REPORT TO COUNCIL

### SURREY PAY POLICY STATEMENT 2021/2022

#### KEY ISSUE / DECISION:

The approval of the Pay Policy Statement for the period 2021/2022.

#### BACKGROUND:

1. To comply with Section 38(1) of the Localism Act 2011 and related guidance under Section 40 provided by the Secretary of State, all local authorities are required to publish a Pay Policy Statement, approved through decision by the Council with effect from 1 April each year.
2. A copy of the Pay Policy Statement which reflects the 2021/2022 Surrey Pay settlement effective from 1 April 2021 is attached as Annex 1.

#### The main points that must be covered include:-

- the remuneration of Chief Officers.
  - the responsibilities of Surrey County Council's (SCC) remuneration committee (the People, Performance and Development Committee) for determining the terms on which Chief Officers are employed; and
  - the Council's current policies on equal pay, redundancy, and severance.
3. Please note that this has been updated following the Surrey Pay review for 2021/2022 and has been written as though it has already been agreed by the Council.

#### Governance

4. The People, Performance and Development Committee (PPDC) acts as the County Council's Remuneration Committee under delegated powers, in accordance with the constitution of the County Council. All Surrey Pay terms and conditions are determined by the PPDC, including the remuneration of Chief Officers.

## Publication of the Pay Policy Statement

5. The Statement has been drafted to reflect the requirements of the Local Government Transparency Code 2014 as well as guidance published by the Department for Communities and Local Government on Openness and Accountability in Local Pay 2012, to comply with Section 40 of the Localism Act 2011. Account has also been taken of the final report and the recommendations made in the Hutton Review of Fair Pay in the Public Sector 2011.
6. This updated Pay Policy Statement reflects the outcome of the recent negotiations with UNISON and GMB in respect of Surrey Pay, pay, terms and conditions. Negotiations with the Trades Unions have been difficult and protracted this year, largely due to the change in the council's position following the Government's announcement in the 2021 Autumn Spending Review in respect of public sector pay.
7. The changes outlined in the Pay Policy Statement are relevant to all staff on Surrey Pay terms and conditions, both in schools and non-schools.

## Pay Award and Progression

8. Responses to the ballots undertaken by UNISON and GMB following the council's final Surrey Pay offer for 2021/22 were very low (UNISON 20% return and GMB 13%). However, the outcome of both ballots resulted in Trades Union members rejecting the council's offer, (UNISON 90% and GMB 53% in favour of rejection). In light of this, the Trades Unions have confirmed they are unable to enter into a Collective Agreement in respect of Surrey Pay 2021/22 on the basis on which the council's final offer was made.
9. Staff have been kept informed of the revised offer throughout formal negotiations with the Trades Unions, with minimal negative feedback received from staff.
10. The Council's People, Performance and Development Committee (PPDC), at its meeting on 31 March did not recommend the council reconsiders its proposals in respect of the main pay award. The 2021/22 pay award has therefore been applied in the absence of a Collective Agreement as set out in the Pay Policy Statement annexed to this report, i.e. an increase of £376 to grade PS1/2 and an increase of £350 to grades PS3 to PS7 (point 4). This is in line with the Government's announcement during the Autumn Spending Review that public sector pay for 2021/22 should be restricted to the lowest paid, aside from NHS staff.
11. It is important to note that incremental pay progression continued with effect from 1 April 2021 for all eligible staff, (57% of staff across grades PS1/2 to PS14 had headroom within their grade to receive an incremental increase, with the average value of an increment being 2.9%)
12. Most staff on Surrey Pay grades PS1/2 to PS7 (i.e. those eligible to receive a pay award) are in the social care sector (54%).

13. When taking into account pay progression for those staff entitled to both a pay award and incremental increase, the majority (86%) received a total increase in pay of at least 2.49%.

### **Honoraria**

14. The definition of honoraria payments within the council's Reward Policy has been expanded to include the ability to apply a financial recognition payment to reward:
- Excellent, exceptional achievement over a sustained period, or throughout the year in which performance is being assessed.
  - Excellent exceptional achievement for a particular task or project.
  - Innovation that significantly enhances productivity or that notably contributes to organisational effectiveness.
15. Any financial reward is limited to a maximum of £1,000 per person per annum and mechanisms have been put in place to ensure the recognition award is managed consistently and fairly across the council.

### **Professional Fees**

16. The ability to reimburse payment of professional fees has been reinstated for roles where an essential requirement of the post is to hold a professional qualification and be a member of a relevant professional institution.
17. Mechanisms have been put in place to recover the cost of professional fees reimbursed for staff who leave the council's employment part-way through the year to which the fees relate.

### **Pay Multiple**

18. The independent review of public sector pay by Will Hutton in 2010 recommended that all organisations delivering public services should be required to 'track, publish and explain their pay multiples over time'. This approach aims to hold public sector organisations to account for their remuneration policy and, how that policy applies to the highest paid director and to be able to demonstrate a fair and effective reward strategy.
19. Hutton's interim report suggested the need for a fixed limit on pay variations in the public sector in which no manager could earn more than twenty times the lowest paid person in the organisation. However, in his final report Hutton concluded that a hard cap would not be workable across a diverse public sector workforce and would go against the principle of 'fair' pay (i.e. People at the top of very large and complex organisations, but with low paid workers, could earn less than people running simpler bodies but whose bottom workers were better paid).

## SCC Pay Multiple

20. As a result of the Hutton review, every public body is required to publish (and monitor) the multiple of top to median pay; median earnings are a more representative measure of the pay of the whole workforce.
21. Table 1 shows the data available for SCC over the last few years, showing a ratio of 8:1 for 2020/2021. This table will be updated following implementation of the 2021/22 pay award in May 2021 and then published on the Council's public website.

**Table 1: SCC Pay Multiple: Median salary to higher salary**

Year	Median Salary	Highest Salary	Ratio
2020/2021	£29,333	£234,600	8:1
2019/2020	£27,099	£220,000	8.1:1
2018/2019	£25,821	£220,000	8.5:1
2017/2018	£22,872	£232,683	10:1
2016/2017	£25,328	£232,683	9.19:1

22. The published Pay Policy Statement will include hyperlinks to:
- (i) documents already published on the Council's website:
    - Councillors and Committees (which sets out the role of the PPDC as the Council's remuneration committee).
    - Statement of Accounts, which relates to salaries for senior staff.
  - (ii) Additional documents on the Council's website including:
    - Equal Pay Statement.
    - Gender Pay Gap report,
    - Surrey Pay rates; and
    - Pay Multiple
23. Once approved by the Council, this Pay Policy Statement will be published on Surrey County Council's website.

<b>RECOMMENDATION:</b>
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That Council agree the Pay Policy Statement for 2021/2022.

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**Sources / Background papers:**

Surrey County Council Pay Policy Statement 2021/2022