



# City of Westminster Cabinet Report

<b>Decision Maker:</b>	Full Cabinet
<b>Date:</b>	15 February 2021
<b>Classification:</b>	General Release
<b>Title:</b>	Pay Policy 2021-22
<b>Wards Affected:</b>	All
<b>City for All:</b>	Not applicable
<b>Key Decision:</b>	Approve the Pay Policy 2021-22
<b>Financial Summary:</b>	No financial implications outside of projected budget
<b>Report of:</b>	Lee Witham, Director of People Services

## 1. Executive Summary

- 1.1 The Council is required to publish its Pay Policy by 31<sup>st</sup> March every year.
- 1.2 The Pay Policy brings together all the Council's existing policies on pay and must include details in relation to all aspects of Chief Officer's remuneration, increases and additions to remuneration, bonuses, termination payments and remuneration on recruitment.
3. It must also include information about the relationship between the remuneration of its highest paid officer (the Chief Executive) and the median salary of all employees (the "pay multiple").
4. The Pay Policy for 2021-2022 has been amended to reflect the following:
  1. Government's reforms to public sector exit payments to cap payments.
  2. A minor change to the "Rewarding your Contribution" scheme.

## 2. Recommendations

- 2.1 That Cabinet review and recommends to the full council the Pay Policy for 2021 - 2022.

### 3. Reasons for Decision

- 3.1 To advise of the Council's annual Pay Policy for 2021 – 2022 which needs to be approved by Full Council on 3<sup>rd</sup> March 2021 before publication.
- 3.2 To reflect the changes linked to the Government's reforms to public sector exit payments and the internal changes to the "Rewarding Your Contribution" scheme.
- 3.3 The Pay Policy for 2021-2022 has been amended to reflect the following key changes:
- 3.1 Government's **reforms to public sector exit payments** to cap payments at £95,000 and recover exit payments for employees earning £80,000 and above were introduced on 4<sup>th</sup> November 2020. Further guidance is expected to be released and the policy may need further updating following this.
- 3.2 Changes to the Rewarding your contribution scheme.
- 3.2.1 As part of its reward offer, the Council allows managers to award one-off "Rewarding Your Contribution" (RYC) payments to employees who have delivered exceptional performance in specific areas / projects or gone the extra mile in their role. Currently, these payments can be up to 5% of the annual salary. Payments of more than £1,500 in a 12-month period must be authorised by an ELT member.
- 3.2.2 Currently any officer, including senior officers, can receive an award. The usual practice of awarding a percentage of salary has meant that the biggest sums have been awarded to the more senior and highest paid officers. Quarterly diversity analysis provided to ELT, has shown that the scheme has often operated inequitably across gender and ethnicity, thus negatively impacting our pay gaps, especially on the 'bonus' category.
- 3.2.3 For 2021 – 22, the scheme will be retained as part of our employee offer, but changed it in the following ways:
- Improve equity by removing the percentage of salary-based approach and replacing it with fixed amounts of £1,000 and £2,000.
  - Add guidance and criteria for managers to consider when choosing which amount to award, in particular:
    - ✓ Amounts SHOULD NOT be linked to the individual's salary or benefit band. Therefore, it is expected that employees at all bands could be awarded either sum as appropriate in each individual case.
    - ✓ The scale and impact of the outstanding piece of work or project.
    - ✓ How far above and beyond the individual's day job the outstanding piece of work or project is.
    - ✓ The outcome delivered and its impact on the achievement of our City for All vision

- ✓ How they have delivered the outstanding piece of work or project and role modelled the Westminster Way in demonstrating everyone has talent, everyone is valued, and everyone is a leader.
- Make employees eligible for **one payment per year only** (41 individuals received more than one payment in 19/20).
- Retain the delegated authority to line managers to make payments, but in addition Executive Directors to take responsibility for the appropriate and equitable distribution of awards in their departments.

#### **4. Financial Implications**

- 4.1 Following reforms by the Government on public sector exit payments there is now a £95k cap for severance payments. The cap includes any pension strain costs - i.e. the cost of enhancing a pension when an individual takes early retirement.
- 4.2 Pension strain costs are recognised in the Council's general fund and paid to the pension fund. Going forward any exit payment needs to take account of the strain cost to the general fund and the combination of both amounts (exit payment plus the pension strain) cannot exceed £95k.
- 4.3 The new pension regulations are currently subject to judicial review and this could reverse the effect of the cap.
- 4.4 The Council's policy is to follow the latest legislation regarding the £95k cap, but this will be subject to revision if different LGPS legislation comes into force. However, if the cap remains in place this will provide a financial benefit to the Council.

#### **5. Legal Implications**

- 5.1 The legal implications are set out in the attached Pay Policy 2021-22

**If you have any queries about this Report or wish to inspect any  
of the Background Papers please contact:**

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#### **APPENDICES:**

Pay Policy 2021-22