

This Report will be made public on 4 March 2024

Report Number **P/23/08**

To: Personnel Committee
Date: 12th March 2024
Status: Non-executive Decision
Chief Officer: Andrina Smith, Chief Officer – People & Customer Services

SUBJECT: PAY POLICY STATEMENT 2024/25

SUMMARY: This report presents an amendment to the pay policy statement for 2024/25 for approval and recommendation to council.

REASONS FOR RECOMMENDATIONS:

Personnel Committee is asked to consider the contents of the report as the policy is required to be adopted by Full Council annually.

RECOMMENDATIONS:

1. To receive and note Report P/23/08
2. To recommend to council that it approve, under S38(1) Localism Act 2011, the Pay Policy Statement appended to this report for 2024/25.

1. INTRODUCTION

- 1.1 All local authorities are required to annually publish, and present to Full Council for adoption, a Pay Policy Statement in accordance with the Localism Act 2011. Folkestone & Hythe District Council's Pay Policy Statement was first approved in January 2012.
- 1.2 The council's Pay Policy Statement was recently submitted to this committee on 25th January (report P/23/06) for recommending to the April Council meeting for approval.

2. PAY POLICY

- 2.1 Since the Personnel Committee meeting on 25th January 2024 an issue involving the Kent Pension Fund (KPF), who administer the Local Government Pension Scheme (LGPS), came to light which has led to a necessary review of the Annual Pay Policy Statement. The issue is the subject of Report P/23/07.
- 2.2 The amendment to the Pay Policy Statement is within paragraph 47 of the Statement and removes the bullet point 'Pension costs required to be paid by the council to the LGPS' as part of an employee's exit package payment offered to Council for a vote should the total be in excess of £100,000.
- 2.3 Redundancy is defined within s139 of the Employment Rights Act 1996 and is classed as a form of dismissal when an employer needs to reduce its workforce –
- (1) For the purposes of this Act an employee who is dismissed shall be taken to be dismissed by reason of redundancy if the dismissal is wholly or mainly attributable to –
- a. The fact that his employer has ceased or intends to cease –
- i. To carry on the business for the purposes of which the employee was employed by him, or
- ii. To carry on that business in the place where the employee was so employed, or
- b. The fact that the requirements of that business –
- i. For employees to carry out work of a particular kind, or
- ii. For employees to carry out work of a particular kind in the place where the employee was employed by the employer,
- have ceased or diminished or are expected to cease or diminish.
- 2.4 Under the LGPS regulations if an employee is made redundant or retired in the interests of business efficiency over the age of 55 they are entitled

to receive immediate payment of the pension that they have built up provided they have more than 2 years service¹.

Therefore, in a true redundancy situation (voluntary or compulsory), the council is required to pay the relevant costs to the KPF acting on behalf of the LGPS.

- 2.5 It would be inappropriate to suggest that council would have an 'opportunity to vote on an exit package' (para 47 of the Pay Policy Statement) as in a true redundancy situation there would be no choice but for the council to pay the relevant costs to KPF due to the pension regulations.
- 2.6 The 2024/25 Pay Policy Statement is attached as **Appendix A** and duplicated in **Appendix B** with tracked changes in order for members of the committee to identify where the amendment has been made.
- 2.7 At the time of writing this report no further updated guidance notes have been issued by the DLUCH, however should an update be issued that requires an amendment to the attached pay policy statement for 2024/25 then a revised statement will be presented to the Personnel Committee at a future meeting.

3. RISK MANAGEMENT ISSUES

- 3.1 A summary of the perceived risks are as follows:
- No perceived risks

4. LEGAL / FINANCIAL AND OTHER CONTROLS / POLICY MATTERS

4.1 Legal Officer's Comments (NM)

There are no legal implications arising directly out of this report, relevant issues having been addressed in each of the report and the Appendix.

4.2 Finance Officer's Comments (OO)

Any financial implications arising from any reward strategy will need to be considered within the council's medium term financial planning process.

4.3 Diversities and Equalities Implications (ASm)

There are no specific Diversities and Equalities Implications arising from this report.

5. CONTACT OFFICER AND BACKGROUND DOCUMENTS

Councillors with any questions arising out of this report should contact the following officer prior to the meeting:

¹ <https://www.lgpsmember.org/your-pension/the-essentials/key-features/>

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The following background documents have been relied upon in the preparation of this report:

None

Appendix

Appendix A – Draft Pay Policy Statement 2024/25

Appendix B – Pay Policy Statement 2023/24 with tracked changes for 24/25