

## **Employment Committee**

Meeting to be held on Monday 11 February 2019

Electoral Division affected: None
--------------------------------------

### **The Localism Act 2011 – Pay Policy Statement 2019/20**

(Appendix 'A' refers)

Contact for further information:

Deborah Barrow, (01772) 535805, Head of Service Human Resources,  
deborah.barrow@lancashire.gov.uk

#### **Executive Summary**

The Localism Act 2011 requires local authorities to prepare and publish a pay policy statement each year. The pay policy statement must articulate the local authority's approach to a range of issues relating to the pay of its workforce, particularly its chief officers and its lowest paid employees.

The pay policy statement must be approved by Full Council before it comes into force.

#### **Recommendation**

The Committee is asked to consider the proposed Pay Policy Statement for 2019/20 as set out at Appendix 'A' and recommend approval of the statement to Full Council.

#### **Background and Advice**

The Localism Act 2011 requires local authorities to prepare a pay policy statement each year. The pay policy statement must articulate the council's approach to the remuneration of chief officers on appointment, subsequent progression and any use of bonus or performance related pay. In preparing pay policy statements local authorities must have regard to any guidance issued or approved by the Secretary of State. In preparing this statement for 2019/20 regard has been had to guidance issued by the Department for Communities and Local Government.

The purpose of the statement is to provide transparency with regard to the council's approach to setting pay for its employees (except staff in schools), in particular its chief officers. The pay policy statement must be approved by a resolution of Full Council before it comes into force on 1 April each year and must then comply with the statement for the financial year to which it relates (although amendments may be made to the statement after the beginning of the financial year to which it relates). Once approved the statement (or an amended statement) must be published in such manner as the local authority sees fit, which must include publication on the local authority's website.

The pay policy statement must set out the local authority's policies for the financial year relating to:

- The remuneration of its chief officers;
- The remuneration of its lowest-paid employees, and
- The relationship between –
  - The remuneration of its chief officers, and
  - The remuneration of its employees who are not chief officers.

The statement must set out:

- The definition of 'lowest-paid employees' adopted by the authority for the purposes of the statement, and
- The authority's reasons for adopting that definition.

The statement must include the local authority's policies relating to:

- The level and elements of remuneration for each chief officer
- Remuneration of chief officers on recruitment
- Increases and additions to remuneration for each chief officer
- The use of performance-related pay for chief officers
- The use of bonuses for chief officers
- The approach to the payment of chief officers on their ceasing to hold office under or to be employed by the authority, and
- The publication of and access to information relating to remuneration of chief officers.

A pay policy statement for a financial year may also set out the local authority's policies for the financial year relating to the other terms and conditions applying to the authority's chief officers.

### **Updated Pay Policy Statement**

A proposed Pay Policy Statement for the financial year 2019/20 is provided at Appendix 'A' to this report.

The pay policy statement also takes account of the recommendations within the Hutton Review of Fair Pay in the Public Sector (March 2011) that 'government should not cap pay across public services, but should require that from 2011/12 all public service organisations publish their top to median pay multiples each year to allow the public to hold them to account.' The statement therefore sets out the council's aim that the pay multiple between the median FTE salary and that of the Chief Executive will not exceed 1:16.

The pay multiple between the 2018 median FTE salary and that of the Chief Executive and Director of Resources is 1:11.36, which represents a slight increase from the figure (1:11.18) reported in the last pay policy statement.

The guidance also provides that Full Council should be offered the opportunity to consider salary packages in excess of £100,000 before any new appointment is made. In this regard the Pay Policy Statement sets out the grading structure for all posts at Director 1 and above. All appointments are currently made in line with this grading structure and any proposal to make a new appointment otherwise than in accordance with it would first be referred to Full Council to consider.

The committee at its meeting on 14 January 2019 approved a new pay spine including the proposed annual adjusted Foundation Living Wage rate. The new pay spine is to follow as Annex 1 to the proposed pay policy statement set out at Appendix 'A'.

### **Consultations**

The proposed Pay Policy Statement for 2019/20 will be shared with the recognised trade unions at the Joint Negotiating and Consultative Forum on 7 February 2019 and any comments will be reported orally to the committee.

### **Implications:**

This item has the following implications, as indicated:

### **Risk management**

The Full Council is under a statutory duty to agree an annual pay policy statement and this function cannot be delegated.

### **Financial**

There are no direct financial implications arising from the adoption of the pay policy statement.

### **Local Government (Access to Information) Act 1985 List of Background Papers**

Paper	Date	Contact/Tel
Openness and accountability in local pay: Guidance under section 40 of the Localism Act	February 2012	Katie Dunne (01772) 535787
Openness and accountability in local pay: Guidance under section 40 of the Localism Act (Supplementary Guidance)	February 2013	Katie Dunne (01772) 535787

Reason for inclusion in Part II, if appropriate

N/A