

Employment Committee

Meeting to be held on Thursday, 25 January 2024

Electoral Division affected:
None;

The Localism Act 2011 – Pay Policy Statement 2024/25

(Appendix 'A' refers)

Contact for further information:

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Brief Summary

This report sets out the council's proposed 2024/25 Pay Policy Statement as required by the Localism Act 2011.

The Pay Policy Statement must be approved by Full Council before it is published.

Recommendation

The Employment Committee is asked to:

- i) Consider the proposed Pay Policy Statement for 2024/25, as set out at Appendix 'A', and recommend approval of the statement to Full Council; and
- ii) Agree that the Pay Policy Statement and annexes, once approved, be updated to incorporate the uplifts to pay when the 2024/25 Local Government Services pay award is agreed, and increases to pension contributions, allowances, expenses and payable enhancements when this information is available for the 2024/25 financial year.

Detail

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, regard has also been given to guidance issued by the former 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 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;
- The remuneration of chief officers on recruitment;
- The 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 2024/25 is provided at Appendix 'A' to this report. Rates effective from 1 April 2024 have been provided where these are known. Allowances and expenses, payable enhancements and pension contribution rates will need updating, as will the pay information in the Pay Policy Statement and pay scale at Annex 1, when the Local Government Services pay award for 2024/25 has been agreed. The committee is asked to agree that the Pay Policy Statement and annexes are updated when this information is available to provide an accurate position for the financial year.



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 full-time equivalent (FTE) salary and that of the Chief Executive will not exceed 1:16.

The pay multiple between the 2023 median FTE salary and that of the Chief Executive is 1:9.26, which represents a decrease from the figure (1:10.37) reported in the last Pay Policy Statement. This multiple is based on current salaries, pay award pending, and has reduced due to higher Local Government Services pay awards over two consecutive years.

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.

Foundation Living Wage

Full Council is asked to approve that the uplifted Foundation Living Wage rate of £12.00 per hour be applied, from 1 April 2024, to ensure that the council adjusts its Foundation Living Wage rate within six months of the national rate being updated.

Appendices

Appendix 'A' and Annexes 1 to 4 are attached to this report. For clarification they are summarised below and referenced at relevant points within this report.

Appendix	Title
Appendix A	Annual Pay Policy Statement 2024/25
Annex 1	Lancashire Pay Spine
Annex 2	Payable Enhancements
Annex 3	Allowances and Expenses Table
Annex 4	Chief Officer Structure

Consultations

The proposed Pay Policy Statement for 2024/25 will be shared with the recognised trade unions at the Joint Negotiating and Consultative Forum on 11 January 2024, and any comments will be reported orally to the Employment 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
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None

Reason for inclusion in Part II, if appropriate

N/A

