

## Employment Committee

Meeting to be held on 13 October 2014

Electoral Division affected: None
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### The Localism Act 2011 – Pay Policy Statement 2014/15 (version 2)

(Appendix 'A' refers)

Contact for further information:

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#### 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.

In exceptional circumstances the pay policy statement can be reviewed/updated mid-year. The statement published in April 2014 has been reviewed and updated to reflect some changes to the council's pay arrangements, namely the appointment of the Chief Executive and the introduction of the Living Wage.

#### Recommendation

The Employment Committee is asked to consider the proposed Pay Policy Statement for 2014/15 (version 2) 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 2014/15 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 it thinks 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**

In exceptional circumstances the pay policy statement can be reviewed/updated mid-year. The statement published in April 2014 has been reviewed and updated to reflect some changes to the council's pay arrangements, namely the appointment of the Chief Executive and the introduction of the Living Wage. In addition, the Local Government Pension Scheme employee pension contribution bandings have changed as a result of the Government Actuary's view of the results of the actuarial valuation and these are reflected in the updated statement.

A proposed Pay Policy Statement for the financial year 2014/15 (version 2) 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.

Following this mid-year review, the pay multiple between the median FTE salary and that of the Chief Executive is 1:10.31, which represents a decrease from the figures of 1:12.72 or 1:13.45 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 £100k before any new appointment is made. In this regard the Pay Policy Statement sets out the grading structure for all posts at Director Grade 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.

## **Consultations**

The proposed Pay Policy Statement for 2014/15 (version 2) has been shared with the Joint Negotiating and Consultative Committee.

## **Implications:**

This item has the following implications, as indicated:

### **Financial Implications**

There are no direct financial implications arising from the adoption of the Pay Policy Statement.

### **Risk management**

The Full Council is under a statutory duty to agree an annual Pay Policy Statement and this function cannot be delegated.

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

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

Reason for inclusion in Part II, if appropriate

N/A