

**Meeting of the Full Council
Meeting to be held on 24 March 2016**

Report submitted by: Head of Legal and Democratic Services

Part A

Electoral Division affected:
None;

The Localism Act 2011 – Pay Policy Statement 2016/17
(Appendix A refers)

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Executive Summary

This report sets out the County Council's proposed 2016/17 Pay Policy Statement as required by the Localism Act 2011.

Recommendation

The Full Council is asked:

- i. To consider the recommendations of the Employment Committee and approve the 2016/17 Pay Policy Statement.
- ii. To approve the annual adjustment to the Living Wage for centrally employed staff for 2016/17 as set out in the report and to agree to recommend school governing bodies to adopt the same adjustment.

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 2016/17 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

The Employment Committee at its meeting on 15 March 2016 will consider a report on the proposed Pay Policy Statement for the financial year 2016/17. A copy of the proposed Pay Policy Statement is attached at Appendix A. The Pay Policy Statement must be approved by the Full Council before it comes into force and the recommendations of the Employment Committee in respect of the proposed Pay Policy Statement and the uplifting of the Living Wage rate, as mentioned below, will be reported orally at the meeting of Full Council.

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 median FTE salary and that of the Chief Executive is 1:10.09, which represents no change from the figure 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 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.

With effect from 1 April 2014 Full Council agreed to the Council becoming a Living Wage employer. To obtain this accreditation the Council was required to commit to adjusting the Living Wage rate within 6 months of any annual uprating. For the financial year 2016/17 the Living Wage Foundation has increased the existing rate by 5% to £8.25.

The additional cost pressure has been reflected in the Medium Term Financial Strategy. A report in relation to the implications of future increases in the Living Wage rate, including both cost pressures and the Council's grading structure, will be presented to the Employment Committee for consideration in due course.

The Full Council is asked to consider the recommendations of the Employment Committee in respect of uplifting the Living Wage rate from 1 April 2016.

Consultations

The proposed Pay Policy Statement for 2016/17 has been shared with the recognised trade unions at the Joint Negotiating and Consultative Forum.

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 proposed Pay Policy Statement.

The financial implications of Full Council approving the increase in the Living Wage are in the region of £1.2m, the cost of which has been included within the Medium Term Financial Strategy.

**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		