

Report of the Chief Officer HR

Report to General Purposes Committee

Date: 4th March 2014

Subject: Approval of the 2014/15 Pay Policy Statement

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Is the decision eligible for Call-In?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Summary of main issues

1. This paper sets out an updated Pay Policy Statement. This is required under the Localism Act and must be annually approved by the Full Council before April.

Recommendations

2. The General Purposes Committee is recommended to:
 - a) Consider the review of the Pay Policy Statement and make recommendations to full Council in respect of the approval of the Pay Policy Statement for the 2014/15 financial year.
 - b) Receive assurances from the Deputy Chief Executive that the senior management pay structure is appropriate and complied with.

1. Purpose of this report

- 1.1. The purpose of this report is to seek Members' views on a revised Pay Policy Statement and for the Committee to make recommendations to Full Council to approve the changes before the start of the 2014/15 Financial Year.

2. Background information

- 2.1. Local Authorities are required under section 38 of the Localism Act 2011 to prepare an annual Pay Policy Statement. The statement must articulate the Council's policy towards the pay of its most senior staff and relationships with the pay of the rest of the work-force. The provisions of the Act do not apply to the employees of local authority schools.
- 2.2. Each local authority is an individual employer in its own right and has the autonomy to make decisions on pay that are appropriate to local circumstances and which deliver value for money for local taxpayers. The provisions of the Localism Act do not seek to change this or to determine what decisions on pay should be taken. However they require individual employing authorities to be clearer about their own policies in relation to pay.
- 2.3. Section 40 of the Localism Act requires authorities, in developing their Pay Policy Statement, to have regard to any guidance published by the Secretary of State. This includes Communities and Local Government guidance on Openness and Accountability in Local Pay and the Code of Recommended Practice for Local Authorities on Data Transparency ("Open Data").
- 2.4. In October 2012 the Government issued a new consultation on the Code which closed in December 2012. This does not directly affect the policy but has implications about how information about less senior staff is published. This includes giving details on Job Descriptions, budgets and staff that they manage.
- 2.5. The government response to the above consultation was issued in December 2013 and data will be published in line with requirements for senior staff that are not covered by this policy.
- 2.6. Under the Localism Act and related guidance a Pay Policy Statement must as a minimum cover:
 - 2.6.1. policy on the level of remuneration for each Chief Officer including base salary (or payments when on a contract for services), expenses, bonuses, PRP, earn back, honoraria and ex-gratia payments;
 - 2.6.2. election fees, joint authority duty payments and severance arrangements;
 - 2.6.3. policy on remunerating the lowest paid in the workforce including the authority definition of the lowest paid employee and the reasons for the definition e.g. the authority's lowest pay point and how it was decided;
 - 2.6.4. policy on relationship between the remuneration of Chief Officers and other staff – policy towards maintaining or reaching a specific pay multiple;

- 2.6.5. policy on other aspects of Chief Officer remuneration – recruitment, pay increases and additions, PRP and bonuses, termination payments, transparency, re-employment when the Chief Officer is in receipt of LGPS pension and/or a redundancy/severance payment, and;
- 2.6.6. Full Council being given the opportunity to consider salary packages in excess of £100k for new appointments before they are offered.¹

3. Main issues

Policy Compliance 2013-14

- 3.1. The Chief Officer HR and Deputy Chief Executive give their assurance that the policy is up to date, fit for purpose, effectively communicated and routinely complied with and monitored.
- 3.2. The change in the pay multiplier is explained by the slight decrease in the median salary, from £19,621 to £19,317 as the Chief Executive's salary has remained static due to his decision to continue with a voluntary pay cut.
- 3.3. The pay multiple in Leeds for 2014/15 is 9.13:1, in Bradford for 2013/14 it was 9.3:1 and in Wakefield there is no policy on maintaining or reaching a specific pay multiple. Some core city comparisons for 2013/14 are: 9.20:1 in Manchester, 9.40:1 in Sheffield, 9.80:1 in Birmingham and 11.1:1 in Nottingham.

Policy Updates arising from a review

- 3.4. The main changes to the Policy are listed below and have been incorporated into the revised policy at Addendum 1.

Public Health

- 3.5. Responsibility for Public Health functions transferred to the Council on 1st April 2013. Employees transferred under TUPE principles underpinned by a Department of Health/Secretary of State transfer scheme.
- 3.6. Public Health staff covered by this policy include the Director of Public Health and seven Public Health Consultants
- 3.7. In accordance with TUPE principles and the staff transfer scheme, the Director of Public Health and Public Health Consultants receive protection of general NHS terms and conditions, including the Terms and Conditions – Consultants 2003. However employees can only continue to benefit from those terms and conditions and any collectively agreed pay awards that were applied at the time of the transfer.
- 3.8. New employees recruited to the Public Health function or existing employees who apply for a vacancy within the function will be offered employment on Local Government terms and conditions.

¹ This is undertaken by the Employment Committee, the committee appointed by Full Council for the purpose of appointing Senior Officers. See Employment Committee Terms of Reference

- 3.9. Given the range of pay options that apply to transferred staff it is suggested a review is undertaken during the period of the 14/15 Policy. This can draw on the experience of other Councils where changes have been made to harmonise or simplify arrangements.
- 3.10. It is proposed that this report serves as an update on Public Health information referenced in last year's GPC report.

Pension Scheme Changes

- 3.11. The Local Government Pension Scheme is changing as of 1st April 2014.
- 3.12. The employer pension contribution for JNC staff for 2012/13 was 14.3% and for 2013/14 it was 14.5%.
- 3.13. The employer pension contribution for NHS staff for 2013/14 was 14%.
- 3.14. In 2014/15 the employer contribution rate for LCC JNC staff will be 13.6% and the employee contribution will be updated as soon as the information becomes available.

Members' review of Pay Policy Statements

- 3.15. There are a number of factors which may influence Members' views on updating the policy in more detail in the next 12 months:
- The Local Government Association guide for Councillors on reviewing policies
 - The Department for Communities and Local Government guidance document: "Openness and accountability in local pay: Guidance under section 40 of the Localism Act 2011"
 - The Government response to the consultation on "Openness and accountability in local pay: Guidance under section 40 of the Localism Act 2011."
- 3.16. The above Guidance asks that Councils consider a number of issues the following of which are included within the policy:
- a) links with existing discretionary payments policies for severance and pensions;
 - b) how the policy is reviewed and developed
 - c) that Full Council be given the opportunity to vote on severance payments over £100k.
- 3.17. It is noted that the council will take steps to ensure that senior management structures and pay are appropriate and reflect value for money in line with overall budget strategies.

- 3.18. Consequently it is proposed that the Deputy Chief Executive gives assurance that the senior management pay structure is appropriate and amends where necessary for the future year in line with reporting overall policy compliance.

4. Corporate Considerations

4.1. Consultation and Engagement

- 4.1.1. Trade unions were consulted on the policy and changes that have been made.
- 4.1.2. In terms of wider communications issues, Councils in the region and nationally will be publicising policies from January 2014 onwards. A responsive media engagement strategy will be prepared which will reference any advice taken from the LGE in relation to other relevant Pay Policy statements.

4.2. Equality and Diversity / Cohesion and Integration

- 4.2.1. A screening exercise has been completed. It is noted that BME are under-represented in Senior Management positions. However, 51.29%, of JNC graded posts are now held by female employees.

4.3. Council policies and City Priorities

- 4.3.1. The Pay Policy Statement is required by law and must be approved annually by Full Council prior to 1st April.

4.4. Resources and value for money

- 4.4.1. The Pay Policy Statement will be a future point of reference for the Council in assessing its senior management costs and its budget strategy.

4.5. Legal Implications, Access to Information and Call In

- 4.5.1. The draft policy has been assessed as complying with the requirements of the Localism Act.
- 4.5.2. In terms of its formal adoption it is proposed to report the Policy to the Council meeting on Weds 26th March 2014, and is therefore compliant with the statutory requirements.

4.6. Risk Management

- 4.6.1. The Council will need to consider any reputational implications of the published policy in terms of how stakeholders and the media respond.
- 4.6.2. Also it is noted that in Reviewing the Policy all requirements regarding pay issues have been complied with in 2013/14. Members are asked to note this compliance.

5. Conclusions

- 5.1. All Councils are legally obliged to provide, on an annual basis, a Pay Policy Statement. The proposed revised policy is intended to meet this requirement.

6. Recommendations

6.1. The General Purposes Committee is recommended to:

- a) Consider the review of the Pay Policy Statement and make recommendations to full Council in respect of the approval of the Pay Policy Statement for the 2014/15 financial year.
- b) Receive assurances from the Deputy Chief Executive that the senior management pay structure is appropriate and complied with.

7. Background documents²

7.1. None

² The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.