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Report of the Director of Resources

Report to General Purposes Committee

Date: 19th March 2012

Subject: Implementation of the 2012/13 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 type="checkbox"/> Yes	<input checked="" 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 a draft Pay Policy Statement. This is required under the Localism Act and must be adopted by the Full-Council before April 2012.

Recommendations

2. The General Purposes Committee are asked to consider and make recommendations to full Council in respect of the approval of a Pay Policy Statement for the financial year 2012/12
3. The Committee is also asked to receive a further report concerning the role of the Committee in reviewing the Pay Policy Statement.

1 Purpose of this report

- 1.1 The purpose of this report is to seek members views on the attached draft Pay Policy Statement and for the Committee to make recommendations to Full Council to approve the Pay Policy Statement for the 2012/13 Financial Year.

2 Background information

- 2.1 Local Authorities are required under section 38 of the Localism Act 2011 to prepare a 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").

3 Main issues

Requirement in Detail

- 3.1 Under the Localism Act, and CLG Guidance, a Pay Policy Statement must as a minimum cover:
- 3.1.1 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;
- 3.1.2 election fees, joint authority duty payments and severance arrangements;
- 3.1.3 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;
- 3.1.4 policy on relationship between the remuneration of Chief Officers and other staff – policy towards maintaining or reaching a specific pay multiple;
- 3.1.5 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;

- 3.1.6 the full Council being given the opportunity to consider salary packages in excess of £100k for new appointments before they are offered.
- 3.2 The Guidance also asks that Councils can consider other matters including:
 - 3.2.1 links with existing discretionary payments policies for severance and pensions;
 - 3.2.2 use of supporting evidence in terms of market comparison;
 - 3.2.3 extending the policy to cover other higher paid staff who are not Chief Officers e.g. links to the “Open Data” requirements regarding staff who earn more than £58,200 pa , and;
 - 3.2.4 how the policy is reviewed and developed.

Approach

- 3.3 Discussions have taken place with the Local Government Employers Yorkshire and Humberside and other Councils to consider the approaches being taken. Following those discussions a draft Pay Policy Statement has been formulated for Members’ consideration. This is attached at Appendix 1.

Coverage

- 3.4 It is proposed that the policy covers Chief Officers posts and above. The Pay Policy Statement sets out how these staff will be remunerated and the decision making around this. The Policy sets out the maximum levels for rewarding senior staff and gives some discretion to allow for operational flexibility.

Pensions/Severance

- 3.5 It is proposed to retain current, separate policies on discretionary payments and augmentation.

New Appointments

- 3.6 The Council will be asked to give the Chief Executive and the Employment Committee the operational flexibility and discretion to make any new appointments with a salary package of greater than £100k.

Reviewing and Developing the Policy

- 3.7 Pay Policy Statements are new and Full Council must review and approve a statement on an annual basis before the end of March. It is proposed that a further report be presented to the Committee to explore how the review process might be undertaken and add value to Members’ consideration of the Policy in subsequent years. .

Relationship between Senior Pay and the lowest paid staff

- 3.8 The Policy notes the relationship regarding the lowest paid staff and median average pay in relation to the Chief Executive.

4 Corporate Considerations

4.1 Consultation and Engagement

4.1.1 Trade unions have been consulted on the draft policy.

4.1.2 In terms of wider communications issues, Councils in the region and nationally will be publicising policies from January 2012 onwards. A responsive media engagement strategy has been prepared. This will include comparison to other known Pay Policy statements.

4.2 Equality and Diversity / Cohesion and Integration

4.2.1 Due regard to an Equality Impact Assessment has been given. The policy sets out current arrangements in the Council, rather than making changes that affect diversity. However, it is noted that BME groups and women are particularly under-represented in Senior Management positions and employment equality targets recognise this.

4.3 Council policies and City Priorities

4.3.1 The Pay Policy Statement can be cross referenced to the Council Business Plan and City Priority Plan to reflect the strategic contribution made by senior staff.

4.4 Resources and value for money

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

4.4.2 General Purposes Committee is asked to note that members of the Corporate Leadership Team have agreed to a voluntary two year temporary pay cut until March 2013. This voluntary arrangement is outside the policy.

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 28th March 2012, and is therefore compliant with the statutory requirements.

4.6 Risk Management

4.6.1 The Council will need to consider the reputational implications of the published policy in terms of how stakeholders and the media respond.

5 Conclusions

5.1 New requirements mean all Councils are legally obliged to provide a more transparent account on pay. The proposed policy is drafted to meet this and allow for future development.

6 Recommendations

- 6.1 The General Purposes Committee is recommended to:
- 6.2 consider the draft Pay Policy Statement and make recommendations to full Council in respect of the adoption of the policy for the 2012/13 financial year.
- 6.3 request a further report on how the Pay Policy Statement can be reviewed.

7 Background documents¹

- 7.1 None

¹ The background documents listed in this section are available for inspection on request for a period of four years following the date of the relevant meeting. Accordingly this list does not include documents containing exempt or confidential information, or any published works. Requests to inspect any background documents should be submitted to the report author.