

Report of the Chief Officer HR

Report to General Purposes Committee

Date: 12th February 2013

Subject: Approval of the 2013/14 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 are asked to consider an updated policy and make recommendations to Full Council to approve this.

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 2013/14 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. At present the outcome of the consultation is pending; further information is expected beginning March 2013. To date this information has not been publicly held.
- 2.5. Under the Localism Act and related guidance a Pay Policy Statement must as a minimum cover:
 - 2.5.1. 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;
 - 2.5.2. election fees, joint authority duty payments and severance arrangements;
 - 2.5.3. 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;
 - 2.5.4. policy on relationship between the remuneration of Chief Officers and other staff – policy towards maintaining or reaching a specific pay multiple;

2.5.5. 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;

2.5.6. the Full Council being given the opportunity to consider salary packages in excess of £100k for new appointments before they are offered.¹

2.6. The Guidance also asks that Councils can consider other matters including:

2.6.1. links with existing discretionary payments policies for severance and pensions;

2.6.2. use of supporting evidence in terms of market comparison;

2.6.3. extending the policy to cover other higher paid staff who are not Chief Officers but who are covered by the new consultation referenced in 2.4 above.

2.6.4. how the policy is reviewed and developed.

3. Main issues

3.1. Policy Compliance 2012-13

3.1.1. Members are asked to note that in terms of compliance with the policy:

3.1.1.1. There were no departures from the Pay Policy due to exceptional circumstances;

3.1.1.2. A review of market supplements is to be further considered in line with proposed changes to structures and this would be benchmarked against external fees the Council might otherwise incur if not directly employing staff.

3.1.1.3. The fees paid to the Chief Executive in his capacity of Returning Officer for national elections and referendums during the period and any apportionment thereof were published as part of the Council's Obligations under the Code of Recommended Practice for Local Authorities on Data Transparency and the data which is published under The Accounts and Audit (England) Regulations (2011).

3.1.1.4. Some members of the Corporate Leadership Team have agreed to a voluntary two year temporary pay cut until March 2013 and although any decision made by staff to have or change any voluntary pay reduction is not covered by the Policy, actual pay levels will be used to calculate pay multipliers.

¹ Currently this would be achieved by the Employment Committee, the committee appointed by Full Council for this purpose

3.1.1.5. During the period covered by the previous Pay Policy Statement there was no national pay award and nevertheless pension costs have been increased as this reflects the cost of inflation

3.1.1.6. Other figures quoted re: median salary have also changed reflecting issues like incremental progression and changes in the work-force make-up.²

3.2. Policy Updates

3.2.1. In 2012 Local Authorities, including Leeds City Council (LCC), were adopting Pay Policy statements for the first time. This year a number of changes are proposed for reasons described below.

3.2.2. The main changes to the Policy are listed below and they can be clearly seen at Appendix 1 by looking at last year's Policy Statement (2012/13) with alterations highlighted in track changes:

3.2.3. Public Health

Responsibility for Public Health functions will transfer to the Council, together with staff who undertake this in Leeds in April 2013. The Pay Policy Statement makes a reference to this in relation to senior staff who transfer under TUPE principles. However until the Secretary of State draws up a final transfer scheme the exact pay and pension entitlements that would relate to staff are not known. For this reason it is proposed the Policy would have an addendum attached detailing this from April.

3.2.4. Private Service Companies

3.2.4.1. In November 2012 Full Council considered through a White Paper Motion the position the Council should adopt in engaging individuals who operate as Private Service Companies and resolved that any such individuals would not be engaged to cover Senior posts. The Pay Policy Statement now reflects this.

3.2.5. Open Data Requirements

3.2.5.1. Compliance with Code of Recommended Practice for Local Authorities on Data Transparency ("Open Data") will be ensured in line with pending statutory requirements.

3.3. There are a number of factors which may influence Members' views on updating the policy in more detail in the next 12 months:

3.3.1. The Local Government Association guide for Councillors on reviewing policies

3.3.2. Internal requirements regarding on-going changes to senior posts in LCC as part of the 4 year overall budget strategy

² Median salary rising from £19,126 to £19,620 and pay multiples changing from 9.22:1 to 8.98:1

3.3.3. Consequently it is proposed that the Director of Resources gives assurance that the senior management pay structure is appropriate and amends where necessary for the future year in line with reporting 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 2013 onwards. A responsive media engagement strategy will be prepared. This will include comparison 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 and women are under-represented in Senior Management positions.

4.3. Council policies and City Priorities

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

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 27th February 2013, 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 2012/13. Members are asked to note this compliance.

5. Conclusions

5.1.1. 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

6.1.1. The General Purposes Committee is recommended to:

6.1.2. consider the review of the Pay Policy Statement and make recommendations to full Council in respect of the adoption of the review for the 2013/14 financial year.

6.1.3. receive assurances from the Director of Resources that the senior management pay structure is appropriate and complied with.

6.1.4. seek authority for the Chief HR Officer or Chief Executive to update the Pay Policy with the Public Health information when this is known and for the amended document to be subsequently circulated to all Members.

7. Background documents³

None

³ 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.