

**Report of the Chief Officer HR**

**Report to Full Council**

**Date: 27<sup>th</sup> 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. General Purposes Committee considered the draft Pay Policy Statement for 2013-14 at their meeting on the 12<sup>th</sup> February 2013. The attached statement incorporates the amendments proposed by General Purposes Committee and is presented to full Council for approval.

**Recommendations**

2. Full Council is recommended to consider and approve the Pay Policy Statement set out at Appendix 1 for the 2013/14 financial year.

## **1. Purpose of this report**

1.1. The purpose of this report is to seek approval of full Council to the Pay Policy Statement for 2013/14.

## **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. Under the Localism Act and related guidance a Pay Policy Statement must as a minimum cover:

- The 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;
- Election fees, joint authority duty payments and severance arrangements;
- The 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;
- The policy on relationship between the remuneration of Chief Officers and other staff – policy towards maintaining or reaching a specific pay multiple;
- The 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;

- That Full Council being given the opportunity to consider salary packages in excess of £100k for new appointments before they are offered.<sup>1</sup>

2.5. Guidance also suggests that Councils can consider other matters including:

- links with existing discretionary payments policies for severance and pensions;
- use of supporting evidence in terms of market comparison;
- 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.
- how the policy is reviewed and developed.

### 3. Main issues

Policy Compliance 2012-13

3.1. Members are asked to note that in terms of compliance with the policy agreed by Council for 2012/13:

- There were no departures from the Pay Policy due to exceptional circumstances;
- A review of market supplements will to be further considered in line with proposed changes to structures and this will be benchmarked against external fees the Council might otherwise incur if not directly employing staff.
- 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).
- That some members of the Corporate Leadership Team agreed to a voluntary two year temporary pay cut until March 2013.
- No national pay award was made although pension costs have increased due to inflation

#### **Pay Policy Statement for 2013-14**

3.2. 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:

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

## Median Salary Figures

Figures quoted re: median salary have changed reflecting issues like incremental progression and changes in the work-force make-up.

## 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 now 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 an addendum will be added to the statement in due course.

## Private Service Companies

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.

## Open Data Requirements

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. General Purposes Committee considered the draft Pay Policy Statement for 2013/14 at their meeting on the 12<sup>th</sup> February 2013. The Committee suggested the following amendments to the policy.

- That numbered paragraphs 2 and 3 be combined;
- That, where the Employment Committee has not been involved in the appointment of a Senior Officer, that any departures from the Pay Policy be consulted upon with the appropriate Executive Members, including the Executive Member within whose portfolio the post reports, the Executive Member with responsibility for Human Resources and the Leader of Council;
- That the Leader be consulted upon all termination payments to Senior Officers covered by the Pay Policy.
- That reference to the prevailing National Minimum Wage be inserted into the policy for comparison purposes.

3.4. These amendments have been incorporated into the Pay Policy Statement 2013/14 presented at Appendix 1 to this report. Members are asked to consider and approval the Policy as it appears at Appendix 1.

## **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. General Purposes Committee was consulted on the draft policy on the 12<sup>th</sup> February 2013.

#### **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. Approval of pay Policy Statements is a decision reserved to full Council.

#### **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. Recommendations**

5.1. Full Council is recommended to;

- a) consider and approve the Pay Policy Statement 2013/14 as set out at Appendix 1, and;
- b) agree that an addendum be added to the Statement by the Chief Executive once details of the Public Health Transfer Scheme are finalised by the Secretary of State.

### **6. Background documents<sup>2</sup>**

None

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<sup>2</sup> 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.