

MEETING	COUNCIL
DATE:	18 FEBRUARY 2013
TITLE OF REPORT:	PAY POLICY STATEMENT
REPORT BY:	EMPLOYMENT PANEL

1. Classification

Open

2. Wards Affected

County-wide

3. Purpose

To approve a Pay Policy Statement for the authority.

4. Recommendation(s)

THAT:

- (a) the Pay Policy Statement summarising existing Council policies (at Appendix A) be approved; and
- (b) the planned review of the policies underpinning this statement be noted.

5. Key Points Summary

- Council is required to approve a 2013/14 Pay Policy Statement by 31 March 2013.
- The statement provides a summary of the remuneration position within the Council and makes reference to existing policies of the Council that are currently under review.
- A review of policies is currently underway and will inform the further development of a Pay and Reward Policy to support key elements within the Workforce Strategy that has been developed to underpin the delivery of the refreshed Corporate Plan.
- In light of the continuing level of financial challenge facing the authority, during the early part of the financial year we will be consulting staff about potential changes to policies and terms and conditions. Should these affect the Pay Policy Statement, Council approval of an amended statement will be sought.

- There have been no changes in policies since the Pay Policy Statement was published in March 2012. The Pay Policy Statement has been updated to reflect current data relating to roles, salaries and financial information.
- The Employment Panel considered the contents of this report at its meeting held on Thursday 24 January 2013 and recommended the Pay Policy Statement to Council for approval.

6. Alternative Options

- 6.1 There are no alternative options; the approval by Council of a Pay Policy Statement for the authority is a statutory requirement.

7. Reasons for Recommendations

- 7.1 To provide transparency with regard to the Council's approach to setting the pay of its employees in compliance with the provisions of the Localism Act 2011.

8. Introduction and Background

- 8.1 The Localism Act places a requirement on local authorities to produce an annual Pay Policy Statement for each financial year and for this statement to be approved by Council before the start of the financial year to which it relates.

- 8.2 The statement must set out the Council's policies relating to:

- a) the remuneration of its chief officers
- b) the remuneration of its lowest paid employees; and
- c) the relationship between the remuneration of its chief officers and the remuneration of its employees who are not chief officers.

- 8.3 The statement must include the Council's definition of 'lowest paid employees' and the reasons for adopting that definition.

- 8.4 The statement must include policies relating to:

- d) The level and elements of remuneration for each chief officer
- e) Remuneration of chief officers on recruitment
- f) Increases and additions to remuneration for each chief officer
- g) The use of bonuses for chief officers
- h) The approach to the payment of chief officers on their ceasing to hold office under, or to be employed by the authority; and
- i) The publication of and access to information relating to remuneration of chief officers.

9. Key Considerations

- 9.1 The statement draws together factual material and provides a summary of the current pay

policies of the Council.

- 9.2 During the year 2012/13, the authority has been through a significant period of change. To support the delivery of the refreshed corporate plan approved by Council in November, the authority is developing a Workforce Strategy (to be considered by Cabinet in March), that sets out the workforce priorities for 2013-2015.
- 9.3 The policies of the Council and therefore this statement, are underpinned by the following core principles:
- a) Local arrangements are aligned to national terms and conditions.
 - b) Pay structures and progression arrangements enable the business to recruit and retain staff it needs, as an 'employer of choice' to achieve its goals in line with corporate plan, vision and values.
 - c) Policies are competitive with the external labour market to recruit and retain key personnel to achieve business success.
 - d) Governance arrangements for reviewing pay and reward are robust.
- 9.4 A key element of the developing workforce strategy is related to Pay and Reward. The authority has actioned a variety of initiatives recently to support the budget challenges and will be informally consulting with employees in relation to many aspects of pay and reward during January / February 2013.
- 9.5 Any changes arising from this consultation will be implemented for all levels of staff (Chief Executive to HC2). Any amendments needed to the Pay Policy Statement in year to reflect any such changes agreed will be reported to Council.
- 9.6 Previously, the Employment Panel identified areas for review including: whether or not to implement an 'earn-back' pay system for senior staff; adoption of a policy in respect of employment of a chief officer already in receipt of a public sector pension; and approach to maintaining or reaching a specific pay multiple within the organisation. The principles of these options will be included for discussion as part of the proposals for the review of pay and reward following consultation with staff.
- 9.7 The Employment Panel has also identified a number of areas where, in light of increasing localism and the broader economic climate, they would expect to see pay policies be reviewed; the outcome of these reviews will be reported to the Employment Panel to inform the development of the Pay and Reward Policy for the Council and the annual review of the Pay Policy Statement.
- 9.8 As part of the pay and reward review we will test the proposal that recommends a pay principle shift for lowest paid workers from the National Minimum Wage to the Living Wage as the minimum level.
- 9.9 All posts, whether chief officer or not, have their level of remuneration established through assessment by a nationally recognised and independent job evaluation scheme. Council have the opportunity to vote on any new salary packages exceeding £100,000.
- 9.10 In approving its statement, Council must have regard to any guidance issued by the Secretary of State. This has been taken into consideration in the development of the statement.

10. Community Impact

- 10.1 The Council, as an employer, has a significant role to play in the local economy. We have an explicit corporate objective related to increasing the average wage and the number of people that work in Herefordshire. Consideration should continue to be given to the degree to which the commissioning approach adopted by the Council may be used to influence pay policies of local contractors who supply goods or services on behalf of the authority.

11. Equality and Human Rights

- 11.1 The statement makes clear that the Council's employment policies, and the processes by which pay levels for a post are set, have full regard to relevant equalities legislation.

12. Financial Implications

- 12.1 There are no financial implications arising from the report; the statement simply summarises current policies and pay levels. Council has the opportunity to vote on any proposed pay packages exceeding £100,000.

13. Legal Implications

- 13.1 The statement meets the requirements of the Localism Act 2011.

14. Risk Management

- 14.1 Failure to approve and publish a statement would result on non-compliance with a statutory requirement. Arrangements are in place to ensure publication of the statement following approval by Council.

15. Consultees

- 15.1 The Leadership Team, Senior Management Team and the Trade Unions have been involved in discussions in relation to the proposals to review pay and reward policies.

16. Appendices

- 16.1 Appendix A - Draft Pay Policy Statement

17. Background Papers

- 17.1 Agenda for the meeting of the Employment Panel held on 24 January 2013.