

<b>MEETING:</b>	<b>COUNCIL</b>
<b>DATE:</b>	<b>2 MARCH 2012</b>
<b>TITLE OF REPORT:</b>	<b>PAY POLICY STATEMENT</b>
<b>REPORT BY:</b>	<b>EMPLOYMENT PANEL</b>

**CLASSIFICATION:** Open

### **Wards Affected**

County-wide

### **Purpose**

To approve a pay policy statement for the authority.

### **Recommendation(s)**

**THAT:**

- (a) the pay policy statement summarising existing council policies (at Appendix A) be approved;
- (b) the planned review of the policies underpinning this statement be noted; and
- (c) authority be delegated to the Monitoring Officer to make any necessary amendments to the Constitution to ensure compliance with the legislation, and reflect the responsibilities of the Employment Panel (as at paragraph 9 below).

### **Key Points Summary**

- Council is required to approve a 2012/13 pay policy statement by 31 March 2012.
- The statement provides a summary of the existing policies of the council, and does not seek to amend these.
- A review of policies will be undertaken in year and will inform a refresh of the statement for 2013/14.

### **Alternative Options**

- 1 There are no alternative options; the approval by Council of a pay policy statement for the authority is a statutory requirement.

## Reasons for Recommendations

- 2 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

## Introduction and Background

- 3 The Localism Act places a requirement on local authorities to produce an annual pay policy statement for each financial year beginning 2012/13, and for this statement to be approved by Council before the start of the financial year to which it relates.
- 4 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.
- 5 The statement must include the council's definition of 'lowest paid employees' and the reasons for adopting that definition.
  - d) The statement must include policies relating to:
  - e) The level and elements of remuneration for each chief officer
  - f) Remuneration of chief officers on recruitment
  - g) Increases and additions to remuneration for each chief officer
  - h) The use of bonuses for chief officers
  - i) The approach to the payment of chief officers on their ceasing to hold office under, or to be employed by the authority; and
  - j) The publication of and access to information relating to remuneration of chief officers

## Key Considerations

- 6 The statement draws together factual material and provides a summary of the current policies of the council.
- 7 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
- 8 All posts, whether chief officer or not, have their level of remuneration established through assessment by a nationally recognised and independent job evaluation scheme. In the future, Council will have the opportunity to vote on any new salary packages exceeding £100,000.

- 9 Whilst approval of both the statement and pay packages exceeding £100,000 is reserved to Council, it is proposed that the Employment Panel be the appropriate body through which recommendations to Council are formulated. The provisions of the Localism Act will require some amendment to the Constitution to reflect the accountabilities reserved to Council and any consequential changes to the functions of the Employment Panel, and it is therefore recommended that authority be delegated to the Monitoring Officer to make such amendments as necessary to ensure compliance.
- 10 In approving its statement, a council must have regard to any guidance issued by the Secretary of State. Draft guidance has been issued, and this has been taken into consideration in the development of the statement. The draft guidance suggests areas where councils may choose to go beyond the requirements of the legislation and it is proposed that the Employment Panel give consideration to these issues over the coming year and, as appropriate, recommend amendments to the next iteration of the statement. These areas include: 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.
- 11 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 annual review of the pay policy statement.

## **Community Impact**

- 12 The council, as an employer, has a significant role to play in the local economy. In addition, consideration should be given in the coming year 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.

## **Equality and Human Rights**

- 13 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.

## **Financial Implications**

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

## **Legal Implications**

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

## **Risk Management**

- 16 Failure to approve and publish a statement would result on non-compliance with a statutory requirement. Arrangements have been made to ensure publication of the statement following approval by Council.

## **Consultees**

- 17 West Midlands Councils has provided advice and a model statement, which has informed the

development of the draft

## **Appendices**

Appendix A – Draft Pay Policy Statement

## **Background Papers**

- None identified.