

MEETING:	EMPLOYMENT PANEL
DATE:	24 JANUARY 2013
TITLE OF REPORT:	PAY POLICY STATEMENT
REPORT BY:	ASSISTANT DIRECTOR – PEOPLE, POLICY & PARTNERSHIPS

CLASSIFICATION: Open

Wards Affected

County-wide

Purpose

To consider a draft pay policy statement for recommendation to Council.

Recommendation(s)

THAT:

- (a) **the pay policy statement summarising existing council policies (at Appendix A) be recommended to Council; and**
- (b) **the planned review of the policies underpinning this statement be noted.**

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.

Further information on the subject of this report is available from
Dean Taylor, Acting Head of Paid Service on (01432) 260044

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 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 pay policies of the Council.
- 7 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. Within the developing strategy, the following 10 objectives have been identified:
 - a. Our leadership enables staff and the organisation to succeed through clarity of role, contribution and accountability;

- b. Our people managers enable our workforce to be engaged, motivated and committed to the organisation working in an environment where communication is effective, empowerment and trust is high;
- c. We have skilled people managers who ensure that the right people are in the right roles with the right skills to deliver our objectives;
- d. As our challenge increases it becomes even more important that we attract, retain and develop the best possible staff;
- e. We have a flexible and responsive workforce capable of working effectively across team and organisational boundaries with a 'can do attitude' that is customer and outcome focussed;
- f. Our managers are great at supporting their team members to lead healthy lives and to have a good work/life balance.
- g. Our staff experience an effective performance culture where we are open about our performance in order that we can build on successes and learn from things that don't go so well;
- h. Our policies and processes support achievement of performance improvement;
- i. The way we pay and reward our people attracts, retains and engages in a way that positively impacts engagement and performance improvement;
- j. Equality and diversity is embedded at the heart of our organisation.

8 The policies of the Council and therefore this statement, are underpinned by the following core principles that are specifically related to the workforce outcome described above (7.i.) and will form part of the review of pay and reward:

- 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 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.

10 The process and timescale planned for the review of pay and reward is as follows:

- a. Informal consultation on a variety of options through a survey to gain a collective view and followed up with communications and conversations to inform proposals throughout January and February 2013.

- b. Review and consider findings to formulate options and proposals by end of February 2013.
 - c. Discuss proposal with key stakeholders to inform and agree the options to be presented through formal consultation – March 2013
 - d. Formal consultation period to run throughout April/May 2013
 - e. Proposals approved in May/June 2013
 - f. Commence implementation from June / July 2013
- 11 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.
- 12 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.
- 13 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.
- 14 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.
- 15 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.
- 16 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.

Community Impact

- 17 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.

Equality and Human Rights

- 18 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

- 19 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.

Legal Implications

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

Risk Management

- 21 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.

Consultees

- 22 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.

Appendices

Appendix A – Draft Pay Policy Statement

Background Papers

- None identified.