

Report for: Staffing and Remuneration Committee

Item number: 8

Title: Pay Policy Statement 2016-17

Report authorised by: Jacquie McGeachie – Assistant Director, Human Resources

Lead Officer: Ian Morgan – Reward Strategy Manager, Human Resources

Ward(s) affected: All

**Report for Key/
Non Key Decision:** Non Key Decision

1. Describe the issue under consideration

- 1.1 The Council is required to produce an annual Pay Policy Statement to comply with the requirements of the Localism Act 2011. The Council approved its last Pay Policy Statement at full Council on 23rd March 2015.
- 1.2 The attached Pay Policy Statement provides an update for publication in April 2016.

2. Cabinet Member Introduction

Not required for the S&R Committee.

3. Recommendations

- 3.1. That the Committee approve the draft Pay Policy Statement 2016/17, attached at Appendix A, on the assumptions that:
 - (a) the Committee has approved at its meeting on 26th January 2016 final versions of employment contracts to be issued to the Chief Executive and to other Chief Officers/ Senior Managers, to take effect from 1st April 2016, such contracts containing a clause that there are no collective agreements relating to the terms and conditions of the employee's employment with the Council. and
 - b) that by 1st April 2016 all the Chief Officers and Senior Managers whose current contracts incorporate a collective agreement or collective agreements have accepted them.
- 3.2. If either assumption (a) or (b) above proves to be incorrect then the Assistant Director of Human Resources is authorised in consultation with the Chair of the Committee to make such amendments to the Pay Policy Statement as she considers appropriate to reflect the correct factual position.

- 3.3. The Assistant Director of Human Resources is also authorised in consultation with the Chair of the Committee to make such amendments to the Pay Policy Statement as she considers minor.
- 3.4. That the Committee remits the Pay Policy Statement (as amended if applicable) for endorsement by Full Council on 21st March 2016.

4. Reason for decision

- 4.1. In accordance with sections 38 and 39 of the Localism Act 2011 the Council is required to prepare and by resolution of Full Council, approve a Pay Policy Statement for each financial year by the end of 31 March of the previous financial year.

5. Alternative options considered

- 5.1. The Pay Policy Statement is produced annually to comply with the requirements of the Localism Act 2011.

6. Background information

- 6.1. The Localism Act 2011 requires relevant authorities to prepare and publish an annual Pay Policy Statement.
- 6.2. Under this legislation the Council is obliged to state how the pay of senior managers is determined. In addition, the supplementary guidance issued under section 40 of the Localism Act requires full Council to be given the opportunity to vote on any proposed payment upon appointment or termination of employment of £100,000 or more.
- 6.3. It is not proposed that the approval of payment upon appointment or termination of employment of £100,000 per annum or more should be reserved to Full Council. To do so would create unnecessary delay in either appointing or finalising the termination of the employment of an officer. The risks of this are that the Council may lose a potential appointee whilst they wait for a salary approval. In the case of a termination of employment by way of agreement the officer's employment could not be ended until the severance payment was agreed. This would create an unnecessary cost as the officer would need to remain on full pay until this decision was taken. The Committee's current terms of reference provide that it is required to consider and approve payment upon appointment or termination of employment of £100,000 per annum or more.
- 6.4. Paragraph 4.2 of the draft Pay Policy Statement says that the pay and terms of conditions for Chief Officers and Senior Managers are determined locally and that they do not depend on national negotiations to decide pay levels or awards. Currently there will be some Chief Officers or Senior Managers whose pay does depend on national negotiations. The Committee agreed on 14th December 2015 to issue contracts for comment to the Chief Executive and to all other Chief Officers/ Senior Managers, final versions of these contracts to be brought back to the Committee on 26th January 2016 for approval, these approved versions to be then issued to take effect from 1st April 2016. The contracts issued for comment provide that there are no collective agreements relating to the terms and conditions of the employee's employment with the Council. If the

final issued version of these contracts contains this clause, and if all the Chief Officers/ Senior Managers whose pay depends on national negotiations accept the new contracts by 1st April 2016, then paragraph 4.2 will be correct. If either of these conditions is not correct, then paragraph 4.2 will need amending. Recommendation 3.2 provides a mechanism for making the necessary amendments to paragraph 4.2 without the draft Pay Policy Statement having to be brought back to the Committee for further consideration, through the Committee authorising the Assistant Director of Human Resources in consultation with the Chair of the Committee to make the necessary amendments.

- 6.5. It may be necessary for minor amendments to the draft Pay Policy Statement to be made between its approval by the Committee and its consideration by full Council. For example, paragraph 5.3 may need updating depending on the progress of pay negotiations with the trade unions. Recommendation 3.3 provides a mechanism for making minor amendments to the draft Pay Policy Statement without it having to be brought back to the Committee for further consideration, through the Committee authorising the Assistant Director of Human Resources in consultation with the Chair of the Committee to make the necessary amendments.

7. Contribution to strategic outcomes

- 7.1. The Pay Policy Statement is produced annually to comply with the requirements of the Localism Act 2011.

8. Statutory Officers' comments (Chief Finance Officer (including procurement), Assistant Director of Corporate Governance, Equalities

Assistant Director of Corporate Governance Comments

- 8.1. In accordance with sections 38 and 39 of the Localism Act 2011 the Council is required to prepare and by resolution of Full Council, approve a Pay Policy Statement for each financial year by the end of 31 March of the previous financial year. In addition the Council may resolve to amend its Pay Policy Statement at any time during the financial year. As soon as is reasonably practicable following approval the statement must be published including publication on the Council's website.
- 8.2. The Council is under a duty to have regard to any guidance issued or approved by the Secretary of State. Guidance issued under section 40 of the Localism Act 2011 has been taken into account in the preparation of this Pay Policy Statement.
- 8.3. The Accounts and Audit Regulations 2015 (" the Regulations") require the Council to include in its annual accounts a note of the remuneration of senior employees . "Senior employees" are defined by the Regulations as employees whose salary is £150,000 or more per year and certain other employees whose salary is £50,000 or more per year, such as the Chief Executive, statutory Chief Officers and non – statutory Chief Officers.
- 8.4. The Government has issued in February 2015 under section 2 of the Local Government, Planning and Land Act 1980 a Local Government Transparency

Code 2015 . The requirements of the Code have been taken into account in the preparation of this Pay Policy Statement. These requirements include the publication of an organisation chart covering staff in the top three levels of the organisation, the publication of a list of responsibilities and details of bonuses and benefits in kind for senior employees as defined by the Regulations whose salary exceeds £50,000, and the publication of a “pay multiple”, being the ratio between the highest paid salary and the median salary of the whole of the Council’s workforce.

- 8.5. The Pay Policy Statement fulfils all the requirements of the Localism Act 2011.

Chief Finance Officer Comments

- 8.6. The Chief Finance Officer has been consulted and can confirm that there are no direct financial implications arising from this report.

Equalities Comments

- 8.7. The Council has a public sector equality duty under the Equalities Act (2010) to have due regard to:

8.7.1. Tackle discrimination and victimisation of persons that share the characteristics protected under S4 of the Act. These include the characteristics of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex (formerly gender) and sexual orientation;

8.7.2. Advance equality of opportunity between people who share those protected characteristics and people who do not;

8.7.3. Foster good relations between people who share those characteristics and people who do not.

8.8. The Pay Policy Statement supports the Council’s approach to remuneration for its workforce in an accountable, fair and transparent way. This therefore supports the Council’s equalities policy and promotes equal pay.

9. Use of Appendices

- 9.1. Appendix A – Pay Policy Statement

10. Local Government (Access to Information) Act 1985

- 10.1. No documents that require listing were used in the preparation of this report.