

**APPOINTMENT AND CONDITIONS OF SERVICE COMMITTEE – 20 FEBRUARY 2017**

<b>Title of paper:</b>	<b>PAY POLICY STATEMENT 2017/18</b>	
<b>Director(s)/ Corporate Director(s):</b>	Richard Henderson, Director of HR and Transformation	<b>Wards affected:</b> ALL
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<b>Other colleagues who have provided input:</b>	Ian Curryer – Chief Executive Glen O’Connell – Corporate Director, Resilience Bridget Donoghue – Head of HR Della Sewell – Employee Relations Manager Sarah Wilson – Electoral Services Manager Jef Gould – HR Data Analyst Sue Risdall – Team Leader, Finance John Bernard-Carlin – Team Legal, Legal Emma Hodgett – Resourcing & Reward Manager Andy Cross – Pensions Consultant Sarah Wilson – Chief Elections Officer Jo Worster – Finance Team Leader	
<b>Date of consultation with Portfolio Holder(s) (if relevant)</b>	Councillor Heaton – 24 January 2017	
<b>Relevant Council Plan Key Theme:</b>		
Strategic Regeneration and Development		<input type="checkbox"/>
Schools		<input type="checkbox"/>
Planning and Housing		<input type="checkbox"/>
Community Services		<input type="checkbox"/>
Energy, Sustainability and Customer		<input type="checkbox"/>
Jobs, Growth and Transport		<input type="checkbox"/>
Adults, Health and Community Sector		<input type="checkbox"/>
Children, Early Intervention and Early Years		<input type="checkbox"/>
Leisure and Culture		<input type="checkbox"/>
Resources and Neighbourhood Regeneration		<input checked="" type="checkbox"/>
<b>Summary of issues (including benefits to citizens/service users):</b>		
This report introduces the Council’s Pay Policy Statement for 2017/18 as required by the Localism Act. The Statement sets out information on pay and conditions for chief officers in comparison to the bulk of the workforce employed on ‘Local Government Scheme’ (LGS) terms and conditions.  The report also includes the new Pay Policy, agreed with the trade unions.		
<b>Recommendation(s):</b>		
<b>1</b>	To note the Council’s Pay Policy Statement for 2017/18 which is being presented to the Full Council meeting on 16 January 2017.	
<b>2</b>	To approve the new Pay Policy in principle contained in Appendix 12, subject to final Trade Union agreement.	

## **1 REASONS FOR RECOMMENDATIONS**

- 1.1 The Pay Policy Statement is being presented to ACOS in order to demonstrate that decisions on pay and reward packages for chief executives and chief officers are made in an open and accountable way.
- 1.2 Councillors will be aware of the negotiations with the trade unions regarding changing pay, terms and conditions. These negotiations have resulted in a new pay model agreed in principle by the trade unions which introduces two pay levels per grade rather than the four or in some cases five which previously existed.

## **2 BACKGROUND (INCLUDING OUTCOMES OF CONSULTATION)**

- 2.1 The Localism Act requires local authorities to prepare and publish a pay policy statement.
- 2.2 The Act requires that the statement must be approved formally by the Council meeting itself (it cannot be delegated to a sub-committee); must be approved by the end of March each year and must be published on the Council's website.
- 2.3 In more detail, the matters that must be included in the statutory pay policy statement are as follows:
  - the Council's policy on the level and elements of remuneration for chief officers;
  - the Council's policy on the remuneration of its lowest-paid employees (together with its definition of "lowest-paid employees" and its reason for adopting that definition);
  - the Council's policy on the relationship between the remuneration of its chief officers and other officers;
  - the Council's policy on other specific aspects of chief officers' remuneration , such as remuneration on recruitment, increases and additions to remuneration, use of performance-related pay and bonuses, termination payments, and transparency.
- 2.4 The Act defines remuneration widely, to include not just pay but also charges, fees, allowances, benefits in kind, increases in enhancements of pension entitlements, and termination payments.
- 2.5 The data for this Pay Policy Statement is taken as at 30 September 2016 when the structure was as follows; the Council employs approximately 6887 people, of which 50<sup>1</sup> posts are chief officer posts as defined by the Local Government and Housing Act 1989 (and includes 1 Chief Executive, 4 Corporate Directors, 3 Strategic Directors, 14 Directors, 7 Heads of Service and 21 managers or specialists). This represents approximately 0.7% of the Council's overall non-schools' workforce.
- 2.6 In the structure used for this analysis there was a fractional decrease in chief officer posts this year to due to changes to the management structure over the last three years, which have introduced new posts of Strategic Director, reporting directly to the

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<sup>1</sup> As at 30 September 2016

Head of Paid Service. This means that all of the direct report for these posts now fall under the definition of Deputy Chief Officer and are therefore countable for the purposes of this report. This is the reason for the relatively high number of manager or specialist posts as outlined in 2.5 above.

- 2.7 Sections 2,4 and 7 and Appendix 5 use retrospective pay information. The same reporting period has been used as last year.
- 2.8 The pay multiple of the average chief officer's pay (£86,567) to that of the non-chief officer average earner (£27,360) including guaranteed payments<sup>2</sup> is 1:3. The relationship between the Chief Executive's pay (£161,600) to that of the Council's non-chief officer average earner excluding allowances (£23,047) is a pay multiple of 1:7. The ratio between Chief Executive's pay and the Council's non-chief officer average earner has remained static for the last two years (as reported in the Pay Policy Statement for 2015/16 and 2016/17). The relationship between the average Chief Officer's pay and the average non-chief officer's pay has also remained static.
- 2.9 As at 30 September 2016, there were no chief officers in receipt of bonus payments, increments, performance related pay and other pay enhancements (overtime, weekend, evening, night working, etc). Between 1 April and 30 September 2016, one Chief Officer was in receipt of standby payments (£828.60) however, they are not on Senior Leadership Management Group (SLMG) terms and conditions. There was also a Chief Officer pay award of 1% from 1 April 2016 and, a further 1% is due to be applied as of 1 April 2017.
- 2.10 For the first time since 2008, there was also a Chief Executive pay award of 1% effective from 1 April 2016. A further 1% is due to be given on 1 April 2017.

### **3 OTHER OPTIONS CONSIDERED IN MAKING RECOMMENDATIONS**

- 3.1 As the production of a pay policy statement is a requirement under the Localism Act, no other options were considered.

### **4 FINANCE COMMENTS (INCLUDING IMPLICATIONS AND VALUE FOR MONEY/VAT)**

- 4.1 The average and median pay figures included in the report are based on data for 2016/17 up to 30 September 2016 increased to an annual figure.
- 4.2 The pay policy statement will assist Chief Officers in the discharging of their responsibilities relating to staffing numbers and payments to employees as set out in the Council's Financial Regulations and Corporate Financial Procedures.

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<sup>2</sup> Includes basic FTE salary, pension – employer contribution on FTE basic pay, single status incentive payments, allowances and enhancements paid between 01/04/16-30/09/16

## **5 LEGAL AND PROCUREMENT COMMENTS (INCLUDING RISK MANAGEMENT ISSUES, AND LEGAL, CRIME AND DISORDER ACT AND PROCUREMENT IMPLICATIONS)**

- 5.1 Under Section 38 of the Localism Act 2011, for each financial year, the Council is required to prepare a pay policy statement relating to the following:
- the remuneration of its chief officers,
  - the remuneration of its lowest-paid employees, and
  - the relationship between—
    - the remuneration of its chief officers, and
    - the remuneration of its employees who are not chief officers.
- 5.2 The statement must also state:
- the definition of “lowest-paid employees” adopted by the Council for the purposes of the statement, and
  - the authority's reasons for adopting that definition.
- 5.3 The statement must also include the Council's policies relating to—
- the level and elements of remuneration for each chief officer,
  - remuneration of chief officers on recruitment,
  - increases and additions to remuneration for each chief officer,
  - the use of performance-related pay for chief officers,
  - the use of bonuses for chief officers,
  - the approach to the payment of chief officers on their ceasing to hold office under or to be employed by the authority, and
  - the publication of and access to information relating to remuneration of chief officers.
- 5.4 A pay policy statement for a financial year may also set out the Council's policies for the financial year relating to the other terms and conditions applying to the Council's chief officers.
- 5.5 Under Section 39 of the Localism Act 2011, the pay policy statement must be approved by Full Council before it comes into effect. The statement must be approved by 31 March 2017 for the forthcoming financial year.

## **6 EQUALITY IMPACT ASSESSMENT**

- 6.1 An EIA is not required as the report does not contain proposals or financial decisions.

## **7 LIST OF BACKGROUND PAPERS OTHER THAN PUBLISHED WORKS OR THOSE DISCLOSING CONFIDENTIAL OR EXEMPT INFORMATION**

- 7.1 None

## **8 PUBLISHED DOCUMENTS REFERRED TO IN COMPILING THIS REPORT**

- 8.1 Communities and Local Government, Openness and accountability in local pay: Draft guidance under section 40 of the Localism Act.

- 8.2 Local Government Association and Association of Local Authority Chief Executives (ALACE), Localism Act: Pay Policy Statement Guidance for Local Authority Chief Executives.
- 8.3 Department for Communities and Local Government, 2013. Openness and accountability in local pay: Guidance under section 40 of the Localism Act 2011. Supplementary Guidance. London