

## **CITY COUNCIL - 18 JANUARY 2016**

### **REPORT OF THE PORTFOLIO HOLDER FOR COMMUNITY SERVICES**

#### **PAY POLICY STATEMENT 2016-2017**

##### **1 SUMMARY**

- 1.1 This report introduces the Council's pay policy statement for 2016-17 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.

##### **2 RECOMMENDATIONS**

- 2.1 To approve and endorse the Council's pay policy statement for 2016-17.
- 2.2 To note that the statement may need to be amended in-year for any necessary changes the Council may wish to adopt. Any such changes will be presented to Full Council for approval.

##### **3 REASONS FOR RECOMMENDATIONS**

- 3.1 The pay policy statement is being presented to Full Council 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.

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

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

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

- 5.1 The Localism Act requires local authorities to prepare and publish an annual pay policy statement.
- 5.2 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. "Chief Officer" is widely defined through adopting the definitions in the Local Government and Housing Act 1989.
- 5.3 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 reasons 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.

5.4 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.

5.5 The pay multiple of the average chief officer's pay (£85,698) to that of the non-chief officer average earner (£25,960) including guaranteed payments<sup>1</sup> is 1:3. The relationship between the Chief Executive's pay (£160,000) to that of the Council's non chief officer average earner excluding allowances (£22,449) is a pay multiple of 1:7.

5.6 The total sum of additional payments claimed by the Council's chief officers from 1 April 2015 to 30 September 2015 was £33,845. These related to claims for expenses and allowances, including travel and additional responsibilities.

5.7 As at 30 September 2015, there were no chief officers in receipt of bonus payments, increments, performance related pay, and other pay enhancements (overtime, weekend, evening, night working, etc.). However, there was a chief officer pay award in 2015, for the first time in five years. This was for 2% from 1 January 2015.

5.8 The pay gap between the Chief Executive and lowest paid employee has stabilised this year. The Council now pays a Living Wage supplement to all colleagues on Grade A and the majority of Grade B (£13,614-£14,338), of the difference between their grade and £7.85 per hour. It should be noted that, due to the dates of the reporting period, the figures contained within the Pay Policy Statement reflect the position prior to the latest increase in the Living Wage supplement, as this was implemented from 1 December 2015 (backdated to 1 October 2015).

## **6 FINANCE COMMENTS (INCLUDING IMPLICATIONS AND VALUE FOR MONEY)**

6.1 The average and median pay figures included in the report are based on data for 2015/16 up to 31 October 2015 increased to an annual figure.

6.2 The pay policy statement will assist Chief Officers in the discharge of their responsibilities relating to staffing numbers and payments to employees as set out in the Council's Financial Regulations and Corporate Financial Procedures.

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

7.1 The statement proposed for approval has been prepared in accordance with Sections 38 to 43 of the Localism Act 2011 which require the City Council to prepare, approve and publish a pay policy statement in the terms described in this report.

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<sup>1</sup> Includes basic FTE salary, pension – employer contribution on FTE basic pay, single status incentive payments, allowances and enhancements paid between 01/04/2015 to 30/09/2015

## **8 EQUALITY IMPACT ASSESSMENT (EIA)**

- 8.1 An EIA is not required as the pay policy statement does not include proposals for new or changing policies, services or functions.

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

- 9.1 Local Government Association and Association of Local Authority Chief Executives (ALACE), Localism Act: Pay Policy Statement Guidance for Local Authority Chief Executives.

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

- 10.1 Hutton, W., 2011. Hutton Review of Fair Pay. London
- 10.2 One Society, 2012. Leading the Way on Fair Pay: An Assessment of Principal Local Authorities in England & Wales. London
- 10.3 Communities and Local Government, Openness and accountability in local pay: Guidance under section 40 of the Localism Act.
- 10.4 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

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**PORTFOLIO HOLDER, COMMUNITY SERVICES**