

<b>Subject:</b>	<b>Pay Policy Statement</b>		
<b>Date of Meeting:</b>	<b>20 March 2012</b>		
<b>Report of:</b>	<b>Strategic Director Resources</b>		
<b>Contact Officer:</b>	<b>Name:</b>	<b>Charlotte Thomas</b>	<b>Tel: 291290</b>
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<b>Ward(s) affected:</b>	<b>All</b>		

**FOR GENERAL RELEASE****1. SUMMARY AND POLICY CONTEXT:**

- 1.1 The Localism Act 2011 requires local authorities to produce a pay policy statement for 2012/13 and for each subsequent financial year. The aim is to increase accountability, transparency and fairness in the setting of local pay. These statements must set out the council's policies on a range of issues relating to the pay of its workforce, particularly its senior and lowest paid staff. The provisions in the Act do not seek to determine what decisions on pay should be taken or what policies should be in place, but require councils to be more open about their policies and how decisions are made.
- 1.2 The pay policy statement must be approved annually by Council before the start of the financial year to which it relates. This report seeks approval of the Governance Committee to recommend to Council the attached pay policy statement for adoption from 1st April 2012.

**2. RECOMMENDATIONS:**

- 2.1 That Governance Committee recommends to Council the adoption of the pay policy statement attached at Appendix A.
- 2.2 That Governance Committee notes the proposal to extend the role of the current Member Appointment Panel to become a Recruitment and Remuneration Panel which is responsible for the provision of advice on the council's pay policy and the starting salary of new appointees to Chief Officer posts. The extended role of the Panel will come into force when the new constitution is approved and adopted by full council on 26<sup>th</sup> April 2012.
- 2.3 That Governance Committee notes the requirement that Council approve a pay policy statement annually.

### **3. RELEVANT BACKGROUND INFORMATION/CHRONOLOGY OF KEY EVENTS:**

- 3.1 The Localism Act 2011 requires local authorities to produce an annual pay policy statement prior to the year to which they relate, commencing with the financial year 2012. The pay policy statement must be approved by Council but it may amend its statement by resolution of Council if required during the year to which it relates. Schools staff fall outside the scope of this legislation.
- 3.2 The statement must provide a definition of lowest-paid employees adopted by the council for the purposes of the statement and it must 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 each chief officer
  - the use of bonuses for chief officers
  - the approach to the payment of chief officers on their ceasing to hold office or to be employed by the authority, and
  - the publication of and access to information relating to remuneration of chief officers.
- 3.3 Chief Officers, for the purpose of this legislation, are those who report to the Chief Executive and their direct reports
- 3.4 The Department for Communities and Local Government has produced guidance, 'Openness and Accountability in Local Pay', regarding the statutory requirement for councils to produce pay policy statements. This guidance states that full council should be offered the opportunity to vote before large salary packages are offered in respect of a new appointment. The Secretary of State considers the appropriate threshold to be £100,000. This has been incorporated into this council's pay policy statement and it is important that any vote on such a package takes into account equal pay considerations. It would be difficult to change the grade of any post other than that of the Chief Executive without considering the impact on the grade of other chief officer posts at the same level.
- 3.5 The Act does not require specific numerical data on pay and reward to be published as part of a council's pay policy statement. However, the guidance suggests that consideration be given to how the pay policy statement fits with data on pay and reward that council's are already required to publish under the Code of Recommended Practice for Local Authorities on Data Transparency and by the Accounts and Audit (England) Regulations 2011. Our pay policy statement will contain hyperlinks, which will be live with effect from 22<sup>nd</sup> March 2012, to relevant documents which will be published on the council's website.
- 3.6 The Act requires authorities to explain what they think the relationship should be between the remuneration of its chief officers and its employees who are not chief officers. The statement includes the pay multiple between these groups of employees.

- 3.7 The guidance suggests that councils consider Will Hutton's recommendations on the value of a system of 'earn back' pay. It was his view that senior staff should have an element of their basic pay placed at risk to be earned back each year through meeting pre-agreed objectives. This was to ensure that public services do not offer rewards for failure. The council does not operate performance related pay or any bonus system for its chief officers. Employees, with the exception of Strategic Directors and Director of Finance are entitled to progress incrementally through a grade, subject to satisfactory performance, until they reach the top of the grade.
- 3.8 The council currently operates a task and finish Member Appointments Panel for recruitment to those posts that attract Chief Officer conditions of employment. It is recommended that this panel becomes a Recruitment and Remuneration Panel and is responsible for the provision of advice on the council's pay policy statement and the starting salary of new appointees to Chief Officer posts, in addition to its existing role of advising on the appointment of designated senior officers. Under the current Constitution the Strategic Director Resources has the power to amend the role of the Member Appointment Panel. The proposed revised role of the Panel will come into effect when the new constitution is approved by full council on 26<sup>th</sup> April 2012.
- 3.9 The pay policy statement provides links through to our existing policies on redundancy, retirement and other compensation payments. These policies set out who is responsible for decisions on such payments. It is the council's policy that employees who accept a financial package on voluntary termination of their employment with the council are not re-employed or engaged as a self employed contractor or through an agency for a minimum period of two years.
- 3.10 The pay policy statement excludes all schools based staff including Headteachers.

#### **4. COMMUNITY ENGAGEMENT AND CONSULTATION**

- 4.1 The purpose of this pay policy statement is to provide transparency on how local decisions on pay are made.

#### **5. FINANCIAL & OTHER IMPLICATIONS:**

##### Financial Implications:

- 5.1 The annual pay policy statement supports good governance and allows benchmarking comparisons with other local authorities. The pay assumptions within the budget for 2012/13 are consistent with this policy.

*Finance Officer Consulted: Name Anne Silley Date: 09/03/12*

##### Legal Implications:

5.2 The proposed Pay Policy Statement complies with the requirements of s38 Localism Act 2011 and the statutory Guidance issued under that Section. The Statement is also consistent with existing (and continuing) Data Protection and Employment legislation.

*Lawyer Consulted:*

*Elizabeth Culbert*

*Date: 08/09/12*

5.3 Equalities Implications:

The publication of a pay policy statement increases transparency over pay and promotes fairness.

5.4 Sustainability Implications:

None

5.5 Crime & Disorder Implications:

None

5.6 Risk and Opportunity Management Implications:

The provision of this pay policy statement provides greater transparency to enable the public to understand and challenge local decisions of pay and reward of the council's workforce.

5.7 Public Health Implications:

None

5.8 Corporate / Citywide Implications:

The pay policy statement provides local taxpayers with information on how the council makes local decisions on pay and thus provides greater openness and transparency to assist the public assess value for money.

## **SUPPORTING DOCUMENTATION**

### **Appendices:**

Appendix A Pay Policy Statement

### **Background Documents**

1. The Localism Act 2011
2. Openness and accountability in local pay: Guidance under section 40 of the Localism Act
3. Code of Recommended Practice for Local Authorities on Data Transparency

