

Open Report on behalf of the Executive Director, Performance and Governance

Report to:	Council
Date:	17 February 2012
Subject:	Pay Policy Statement

Summary:

The Localism Act 2011 requires local authorities to prepare pay policy statements and agree them annually at a full Council meeting. The first Statement must be approved before 31 March 2012. The Act is supplemented by statutory guidance from government but only draft guidance has been received so far.

This report presents a draft Pay Policy Statement for the County Council to consider. The draft Statement presents existing pay policy. It also recommends changing the terms of reference of the Chief Officers Salary Review Sub-Committee to exercise oversight of Pay Policy and recommend the Pay Policy Statement and any amendments to Council. In light of that it is also recommended to rename that Sub-Committee as the Pay Policy Sub-Committee.

In particular it should be noted that nothing in this report or the draft Statement alters any aspect of pay policy.

There are links between the requirement for the Statement and the September 2011 Code of Conduct on Data Transparency. These are explained in the report.

Because the County Council must adopt a Pay Policy Statement by 31 March, the scope for amending policy will be very limited. For that, and other reasons set out in the report, it is recommended that pay policy is reviewed this year

Recommendation(s):

- a) Change the remit of the Chief Officers' Salary Review Sub-Committee to exercise oversight of Pay Policy and recommend the annual Pay Policy statement and any amendments to Council and to rename the Sub-Committee to 'Pay Policy Sub-Committee'.
- b) Agree the draft Pay Policy statement in Appendix A subject to any final amendments necessary if final statutory guidance is published before the Council meeting.

- c) A strategic review of pay policy as outlined in this report be undertaken following which the Sub-Committee may make recommendations on modifications to Pay Policy for adoption by the Council.

1. Background

Legislative Requirements

Sections 38 to 43 of the Localism Act, (“the Act,”) specify the matters that must be included in Pay Policy Statements:

- a local authority’s policy on the level and elements of remuneration for each chief officer
- a local authority’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)
- a local authority’s policy on the relationship between the remuneration of its chief officers and other officers
- a local authority’s policy on other specific aspects of chief officers’ remuneration: remuneration on recruitment, increases and additions to remuneration, use of performance-related pay and bonuses, termination payments, and transparency

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.

The pay policy statement:

- must be approved formally by the council meeting itself
- must be approved by the end of March each year, starting with 2012
- can be amended in-year, subject to approval at full Council
- must be published on the authority’s website as soon as reasonably practicable after it is approved or amended (and in any other way the authority chooses)
- must be complied with when the authority sets the terms and conditions for a chief officer.

Legislation is supported by statutory guidance but that was only available in draft at the time of writing this report.

Scope and responsibilities

The provisions of the Act do not apply to the staff of local authority schools and therefore teaching staff do not need to be brought into scope of the pay policy statement. It also does not apply to uniformed fire-fighters except those classed as senior management.

The provisions of the Act do not supersede existing responsibilities and duties placed on authorities in their roles as employers, under relevant employment legislation, nor do they override the statutory role and responsibilities of the Head of Paid Service

Each local authority is an individual employer in its own right and has the autonomy to make decisions on pay that are appropriate to local circumstances and which deliver value for money for local taxpayers. The provisions in the Act do not seek to change this or to determine what decisions on pay should be taken or what policies individual employing authorities should have in place. They only require that authorities are open about their own local policies and how their local decisions are made.

This Council's Constitution contains, in 'The Officer Employment Rules, Officer Employment Protocol and the Councillors Role', detailed procedures and rules relating to the roles of Members and Officers in the employment of Council staff. These provide that appointment of staff is to be the role of the Head of Paid Service or his nominees – while there are provisions requiring members of the Executive to be given the opportunity to object to proposed appointment.

General Approach to Remuneration Levels

Like all local authorities, pay policies in Lincolnshire County Council have been developed incrementally in response to specific recruitment issues or skill shortages and different national pay bargaining arrangements. The Pay Policy Statement in **Appendix A** brings a range of policies and procedures into one document.

The Council has historically aimed to ensure its pay policy is fit for purpose and supports the attraction, retention and motivation of its employees so that the Council can perform at its best. In determining pay policy for Chief Officers and all other employees, the Council is committed to ensuring a fair and transparent approach. Within this, it is recognised that different approaches may be required between groups of employees reflecting factors such as difficulties in attracting and retaining key skills.

Reasons to review Pay Policy in 2012-13

It is recommended that pay policy is reviewed in 2012-13 for a range of reasons:

- Ensuring policy is fit for purpose for current and future council needs
- Opportunities to adopt best practice from other published pay policies

- To identify whether prescribed aspects of pay policy statements where there is no local policy (e.g. on pay multiples) should be addressed
- To take forward Members wish to review aspects of terms and conditions

Data transparency

The 2011 Code of Recommended Practice for Local Authorities on Data Transparency required that data on salaries over £58,200 and pay multiples is published on the Council's website together with information about the structure of the workforce. Additional legal provisions about reporting payments over £50,000 in a year are in the Accounts & Audit (England) Regulations 2011, also available in the Council's published accounts on our website.

2. Conclusion

The Pay Policy Statement recommended consolidates existing Pay Policy in the County Council.

3. Legal Comments:

The legal implications relating to this decision are fully set out in this report. Only Full Council can lawfully approve the Pay Policy Statement.

4. Resource Comments:

There are no additional direct financial implications arising from acceptance of the recommendations in this report.

5. Consultation

a) Has Local Member Been Consulted?

n/a

b) Has Executive Councillor Been Consulted?

Yes

c) Scrutiny Comments

The draft Pay Policy Statement was considered by the cross party Chief Officers Salary Review Sub-Committee on 10 February 2012. They agreed to make the recommendations attached to this Council meeting.

d) Policy Proofing Actions Required

All aspects of the County Council's Pay Policy have been subjected to Equality Impact Assessments.

6. Appendices

These are listed below and attached at the back of the report	
Appendix A	Draft Pay Policy Statement

7. Background Papers

No background papers within Section 100D of the Local Government Act 1972 were used in the preparation of this report.

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