

Title of Report:	Statutory Pay Policy Statement
Report to be considered by:	Council
Date of Meeting:	01 March 2012
Forward Plan Ref:	C2400

Purpose of Report: To recommend a draft pay policy statement to be published from 1st April 2012

Recommended Action: To recommend that Council approves the Pay Policy Statement attached at Appendix B

Reason for decision to be taken: To comply with the requirements of s38 of the Localism Act 2011
To comply with the Code of Practice for Local Authorities on Data Transparency in relation to senior salary publication

Other options considered: To produce and publish separate information for each of the statutory requirements above. However, as they are intricately linked it makes sense to publish both together so that the public can see all the information in one place.

Key background documentation: The Code of Recommended Practice for Local Authorities on Data Transparency Sept 11(CLG)
The Localism Act Nov 11, s38-43 (legislation.gov.uk)
Openness and accountability in local pay: Draft guidance under section 40 of the Localism Act Nov 11(CLG)
Localism Act: Pay Policy Statement Guidance for Local Authority Chief Executives Nov 11 (JNC for Chief Officers)

The proposals will also help achieve the following Council Plan Theme:

CPT13 - Value for Money

The proposals contained in this report will help to achieve the above Council Plan Theme by: ensuring that we comply with legislation

Portfolio Member Details	
Name & Telephone No.:	Councillor Anthony Stansfeld - Tel (01488) 658238
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Date Portfolio Member agreed report:	01 February 2012

Contact Officer Details	
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Job Title:	HR Manager
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Implications

Policy: The Council is required to publish a statement of its pay policy. The proposed statement does not involve a change of policy on senior salaries.

Financial: None

Personnel: None

Legal/Procurement: This statement will ensure that the Council complies with the Localism Act 2011

Property: None

Risk Management: None

Equalities Impact Assessment: completed - no impact

Corporate Board's Recommendation: Continue to Management Board

NOTE: The section below does not need to be completed if your report will not progress beyond Corporate or Management Board.

Is this item subject to call-in?	Yes: <input type="checkbox"/>	No: <input checked="" type="checkbox"/>
If not subject to call-in please put a cross in the appropriate box:		
The item is due to be referred to Council for final approval	<input checked="" type="checkbox"/>	
Delays in implementation could have serious financial implications for the Council	<input type="checkbox"/>	
Delays in implementation could compromise the Council's position	<input type="checkbox"/>	
Considered or reviewed by Overview and Scrutiny Management Commission or associated Task Groups within preceding six months	<input type="checkbox"/>	
Item is Urgent Key Decision	<input type="checkbox"/>	
Report is to note only	<input type="checkbox"/>	

Executive Summary

1. Introduction

- 1.1 This report proposes a draft pay policy statement for publication with effect from 1st April 2012, and annually thereafter.
- 1.2 In September 2011 the Department for Communities and Local Government published its Code of Recommended Practice for Local Authorities on Data Transparency ('the Code'). This includes a requirement to publish a set of data relating to the remuneration and responsibilities of senior officers.
- 1.3 In November 2011 the Localism Act ('the Act') came into effect after receiving Royal assent. Section 38 of the Act requires local authorities to publish an annual pay policy statement, starting with 2012/13. The first statement must be published by 31st March 2012. The Joint National Council for Chief Officers has published guidance to help local authorities in drafting the pay policy statement required under the Act.
- 1.4 Although the information required for each is not identical, it is complementary and one helps to understand the other. Publishing the information required under the Code as part of the pay policy statement would enable the public to have all the relevant information in one place.

2. Proposals

- 2.1 It is proposed that a single statement is produced for publication, within the timescales required under the Act, to meet the requirements of both the Code and the Act. This would require the Council to approve a pay policy statement before 1st April 2012, and annually thereafter.
- 2.2 It is proposed that the Personnel Committee recommends the Pay Policy Statement to full Council for approval. This fits within its terms of reference which are to consider matters of personnel policy. Approval for the statement cannot be delegated to a committee.
- 2.3 A draft Pay Policy Statement is appended for consideration.

3. Conclusion

- 3.1 Publication will enable the Council to comply with s38 of the Localism Act and with the Code of Recommended Practice for Local Authorities on Data Transparency.

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2. Localism Act Requirements

- 2.1 S38 of the Act draws on Will Hutton's 2011 Review of Fair Pay in the Public Sector. It made several recommendations for promoting pay fairness in the public sector by tackling disparities between the lowest and the highest paid in public sector organisations.
- 2.2 Interestingly, the review noted that the public overestimates how much public sector executives are paid, and that chief executive officers of companies with a turnover of between £101 million and £300 million earn more than twice their public sector counterparts. The review also found that the sharp increase in executive pay over the last decade, and the wider trend of growing income inequality, has been largely a private sector phenomenon, and that pay multiples were much wider in the private than public sector. (Executive Summary - Hutton Review of Fair Pay in the public sector: Final Report - March 2011)
- 2.3 S38 of the Act requires the local authority to prepare and publish a pay policy statement for the financial year 2012/13 and each subsequent year. The method of publication is at the discretion of the authority, but it is expected to comply with the principles set out in the Code for data transparency. The statement must be approved by the full Council.
- 2.4 The statement should set out the policies in relation to;
 - (1) Remuneration of its chief officers
 - (2) The remuneration of its lowest paid employees (and our definition and reasons for defining it)
 - (3) The relationship between the remuneration of its chief officers and those who are not chief officers

- 2.5 The definition of chief officers includes the Chief Executive, the Monitoring Officer, the Section 151 Officer, Corporate Directors, as well as those who report directly to any of these post holders. Thus, in West Berkshire Council, this definition would include all Heads of Service.
- 2.6 Chief officer remuneration includes salary, bonuses, performance-related pay, fees or allowances (including as returning officer), benefits in kind, etc. The policy should also state how chief officer salary will be determined on appointment and any arrangements for payments upon leaving office.
- 2.7 Hutton had a remit to explore whether a pay cap based on a 20:1 top to bottom pay multiple should be implemented. His report found that this level of cap would affect as few as 70 senior managers across public services, and any single limit on pay dispersion would unfairly hit some organisations more than others, could create perverse incentives and even become a target for those executives earning less. Rather than complying with a cap, he felt that organisations should track, publish and explain their pay multiples over time, and that the most appropriate metric is top to median earnings. In WBC the ratios are as follows; Highest:lowest = 10.8:1; Highest:median = 5.8:1.
- 2.8 West Berkshire Council has a fairly simple approach to pay, in that our WBC terms and conditions of service apply to all employees, including our chief officers as defined above. It follows that publishing our policy in respect of both chief officers and other employees will be relatively simple. All our terms and conditions, and pay rates, are published already on the website through the HR pages.
- 2.9 Although the JNC guidance suggests that this is a good opportunity for local authorities to review their pay policies, it is not proposed that WBC carry out a wholesale review at this stage. Within the past year the Transformation and Efficiency Board has considered a report on reducing the costs of staffing (and some changes have been made to terms and conditions as a result) and last year it rejected a proposal to review the pay and grading structure within the Council on the grounds of its potential high costs. In the circumstances, a simple statement of existing policy should suffice.

3. Transparency Code Requirements

- 3.1 The Code of Recommended Practice for Local Authorities on Data Transparency was published by the Department for Communities and Local Government in September 2011. Alongside the requirement to publish data on aspects of the Council such as spending and financial indicators, procurement, Councillor allowances and assets, the Council is required to publish details of senior salaries and responsibilities, pay multiples and organisational structure.
- 3.2 Specifically, we must publish;
- (1) Senior employee salaries, names (with the option for individuals to refuse to consent for their name to be published), job descriptions, responsibilities, budgets and numbers of staff.
 - (2) An organisational chart of the staff structure of the local authority including salary bands and details of currently vacant posts.
 - (3) The 'pay multiple' – the ratio between the highest paid salary and the median average salary of the whole of the authority's workforce.

- 3.3 'Senior employee salaries' is defined as all salaries which are above £58,200 and above (irrespective of post), which is the Senior Civil Service minimum pay band. Budgets should include the overall salary cost of staff reporting to each senior employee.
- 3.4 The information listed above is intended to be a minimum data set. It is open to the authority to publish such additional information as they see fit regarding remuneration.
- 3.5 The Council published senior salary information in January 2011, on the basis of a draft of the Code. A decision was taken by Corporate Board at the time to restrict the published information to the minimum required in the draft code.

4. Recommendations

- 4.1 The Code requires us to publish information on actual salaries and responsibilities, whilst s38 of the Act requires a statement of policy on pay and benefits. The CLG draft guidance on the Act states; "pay policy statements offer an opportunity to put [data required to be published under the Code] firmly within the context of the Council's agreed policies..."
- 4.2 It is proposed that a single statement is produced for publication, within the timescales required under the Act, to meet the requirements of both the Code and the Act. This would require the Council to approve a pay policy statement before 1st April 2012, and annually thereafter.
- 4.3 The statement should be clear in its scope and intent and only contain information that is not otherwise available on the website. The statement should contain links to the other sources of information on the website. Where necessary, numerical data should be made available as recommended under the Code (which recommends that data be published in a machine-readable format and under a licence that allows open re-use).
- 4.4 It is proposed that the Personnel Committee recommends the Pay Policy Statement to full Council for approval. This fits within its terms of reference which are to consider matters of personnel policy. Approval for the statement cannot be delegated to a committee.
- 4.5 A draft Pay Policy Statement is appended for consideration.

Appendices

Appendix A – Equality Impact Assessment – Stage 1

Appendix B - Draft Pay Policy Statement April 2012 – EXEMPT PART II AS ITEM HAS NOT YET BEEN APPROVED.

Consultees

Local Stakeholders:

Officers Consulted: Corporate Board

Trade Union: n/a

Equality Impact Assessment – Stage One

Name of item being assessed:	Draft Pay Policy Statement April 2012
Version and release date of item (if applicable):	
Owner of item being assessed:	Jane Milone
Name of assessor:	Jane Milone
Date of assessment:	23rd January 2012

1. What are the main aims of the item?
To publish pay policy information in line with S38 of the Localism Act and senior salary information in line with the code of Practice for Local Authorities on Data Transparency.

2. Note which groups may be affected by the item, consider how they may be affected and what sources of information have been used to determine this. (Please demonstrate consideration of all strands – age; disability; gender reassignment; marriage and civil partnership; pregnancy and maternity; race; religion or belief; sex; sexual orientation)

Group Affected	What might be the effect?	Information to support this.

Further comments relating to the item:
No policy changes are proposed, therefore there will be no impact, differential or otherwise, on any particular group.

3. Result (please tick by clicking on relevant box)
<input type="checkbox"/> High Relevance - This needs to undergo a Stage 2 Equality Impact Assessment
<input type="checkbox"/> Medium Relevance - This needs to undergo a Stage 2 Equality Impact Assessment
<input type="checkbox"/> Low Relevance - This needs to undergo a Stage 2 Equality Impact Assessment
<input checked="" type="checkbox"/> No Relevance - This does not need to undergo a Stage 2 Equality Impact Assessment