

<b>COUNCIL</b>	AGENDA ITEM No. 15(b)
<b>22 February 2012</b>	<b>PUBLIC REPORT</b>

**PETERBOROUGH CITY COUNCIL PAY POLICY STATEMENT FOR 2012/13**

<b>R E C O M M E N D A T I O N S</b>
FROM : Solicitor to the Council, in consultation with the Cabinet Member for Community Cohesion & Safety, Cllr Irene Walsh
That Council: Adopts the pay policy statement appended to this report.

**1. PURPOSE & REASON FOR THE REPORT**

Council is required by the Localism Act 2011 to pass a resolution approving the Pay Policy Statement by no later than 31<sup>st</sup> March each year, for the following financial year. This report asks council to approve the Pay Policy Statement for 2012/13.

**2. BACKGROUND**

- 2.1 The Localism Act (the Act) requires that the council approves a pay policy statement that sets out the authority's policies for the financial year relating to 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.
- 2.2 The term Chief Officer in a local authority context is defined as the Head of Paid Service, (Chief Executive), the Monitoring Officer, and statutory and non-statutory Chief Officers defined in s2 of the Local Government and Housing Act 1989, and Deputy Chief Officers mentioned in that Act. The policy defines this in more detail, in section 4, and includes a schedule of the roles included within the definition, together with the names of officers currently fulfilling those roles.
- 2.3 The Act contains specific items that must be included in the Pay Policy, and the draft recommended to council is compliant with those requirements. It has also been drafted having regard to the guidance provided by the Department of Communities and Local Government (DCLG) "Openness and accountability in local pay: Draft guidance under section 40 of the Localism Act"
- 2.4 The requirement to approve, publish and comply with a Pay Policy Statement builds on the Code of Recommended Practice for Local Authorities on Data Transparency that has led to the council already publishing data on senior salaries and the structure of the council's workforce. The requirement in the Act is based on the premise that elected members should have a significant input into how decisions on pay are made, particularly decisions on senior pay, and that they are open about policies that determine those decisions, to enable local taxpayers to take an informed view of whether local decisions on remuneration are fair and make the best use of public funds.
- 2.5 The Act and government guidance recognises that 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 Act does not impose policies, and only requires that authorities are open about how their own policies and local decisions are made.

### **3. THE POLICY**

- 3.1 The first point to note about the Pay Policy being recommended to council is that it does not recommend changes to policies relating to remuneration. Rather, it codifies the approaches that the council already has to remuneration.
- 3.2 Although the policy has been prepared having regard to government guidance, it does not include every aspect which might be included. A notable example is that the guidance suggests 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 that £100,000 is the right level for that threshold to be set”. This specific provision has not been included in the Pay Policy statement (and there is no requirement for it to be included). This is because it is considered that the guidance in this respect falls short of the council’s already well-established policies. The appointment of the Chief Executive, the Executive Director of Strategic Resources as the council’s s151 officer, and the Solicitor to the Council as the Council’s monitoring officer, are already subject to the approval of full council, and this includes their remuneration. All other Directors and Heads of Service are subject to approval of Employment Committee (with Cabinet members having the right to object to any appointment). Full Council has already delegated this responsibility to Employment Committee, and in practice it means that remuneration packages at a much lower level than £100,000 are subject to scrutiny by the council’s properly appointed committee, including some Heads of Service who are paid at the top end of the NJC scale. Before approving any appointment and remuneration package, Employment Committee receives advice as to the appropriate level of remuneration, taking into account a number of factors that enable them to assess the value of the appointment to the organisation. This enables Employment Committee to ensure that the council acts properly in accordance with employment legislation, in approving an appointment and remuneration package.
- 3.3 It is important to note that on 1<sup>st</sup> March 2012 Adult Social Care Staff will transfer back from the PCT to the council. They will transfer under the Transfer of Undertakings (Protection of Employment) (TUPE) Regulations 2006 and as such many of their terms and conditions, including remuneration, will have some level of protection. The council will fully review the impact of the transferring staff on the Pay Policy following the transfer, as the final list of staff will only be confirmed shortly before the transfer takes place. It is likely that a revised Pay Policy Statement will then be referred to a later council meeting. This is because there is a higher number of lower paid staff in Adult Social Care, and this will impact on the data in the pay policy, particularly in relation to the ratios of the remuneration of the highest paid to lowest paid, and highest paid to average earnings. It will also be necessary to ensure the Policy contains accurate information about those roles in Adult Social Care that fall within the definition of “chief officers”. This cannot be finalised in advance of the final transfer list being agreed with the PCT.

### **4. IMPLICATIONS**

#### **(i) FINANCIAL IMPLICATIONS**

There are no specific financial implications to the approval of a Pay Policy Statement. The contents of the Statement are consistent with the current approach to remuneration and will not result in a change to the remuneration package to any employee. The current remuneration of employees is accounted for in the 2012/13 budget proposals.

#### **(ii) LEGAL & HUMAN RESOURCES IMPLICATIONS**

It is a requirement of the Localism Act 2011 that the council must approve a Pay Policy Statement. Once the Pay Policy Statement is passed, all decisions relating to remuneration must be made in accordance with it. If amendments are required, they can be made by resolution at a subsequent council meeting. As soon as practicable after approving or amending its Pay Policy

Statement council must publish it in such manner as it thinks fit, which must include publication on the authority's website.

Council is advised that the Pay Policy Statement appended to this statement has legal and human resources approval. It has been prepared with regard to the guidance given by the Secretary of State in relation to sections 38 to 43 of the Localism Act 2011. As with any other resolution, council may move amendments to the policy before it is passed by council, but it is strongly advised to seek both legal and human resources advice before moving an amendment, as amendments may have employment law implications, and may need consultation with affected employees and possibly trade unions. In the absence of legal and human resources advice having been obtained in advance, council is advised to pass the resolution in its current format, and subsequently seek advice with a view to referring an amended Pay Policy Statement to a subsequent council meeting.

If council does not pass a resolution at this council meeting to approve a Pay Policy Statement, it will be necessary to convene an extraordinary council meeting for this purpose prior to 31<sup>st</sup> March 2012, to prevent the council being in breach of its statutory duty.

### **(iii) EQUALITIES IMPLICATIONS**

The Council's Pay Policy is consistent with its obligations as an employer to comply with equality duties. It ensures that all employees are rewarded fairly and objectively, without discrimination, for the work that they undertake on behalf of the council, and provides an objective mechanism to review pay dispersal throughout the council.

## **5. CONSULTATION**

This report has been discussed with political groups in advance of the council meeting. Any group that has not been briefed has been given the opportunity of a briefing. The trade unions have been consulted, with particular reference to the definition of "lowest paid employees". It has not been necessary to carry out any specific employee consultation as the Pay Policy Statement does not change their terms and conditions of employment.

## **6. BACKGROUND DOCUMENTS**

Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985)

Department of Communities and Local Government (DCLG) guidance "Openness and accountability in local pay: Draft guidance under section 40 of the Localism Act" November 2011

Hutton Review of Fair Pay in the Public Sector: Final Report March 2011

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