



COUNCIL – 11TH MARCH 2014

SUBJECT: PUBLICATION OF PAY POLICY STATEMENT - LOCALISM ACT 2011

REPORT BY: INTERIM CHIEF EXECUTIVE

1. PURPOSE OF REPORT

1.1 To seek approval from full council for the publication of the Authority's Pay Policy.

2. SUMMARY

2.1 The Localism Act 2011 requires local authorities to develop and make public their Pay Policy. This includes all aspects of Chief Officer Remuneration (including on ceasing to hold office), and also in relation to the "lowest paid" in the Council, explaining their Policy on the relationship between remuneration for Chief Officers and other groups.

2.2 The provisions in the Localism Act 2011 which relate to Pay Policy statements only apply to employees directly appointed and managed by the Council. Employees who are appointed and managed by school Headteachers/Governing Bodies are, therefore, not required to be included within the scope of Pay Policy statements. This reflects the unique employment legislation position whereby all schools employees are employed by the local authority, but decisions about the appointment and management of such employees are mostly discharged by Headteachers/Governing Bodies, as appropriate.

3. LINKS TO STRATEGY

3.1 The report links to the efficient and effective management of the Council's activities. The remuneration of employees is an integral feature of our People Strategy and frameworks, and is a fundamental feature of the employment relationship.

4. THE REPORT

4.1 The Pay Policy Statement attached contains the full details of the remuneration position for the council that we are required to publish.

4.2 The Pay Policy will be published on the CCBC Website, and will be available for access by members of the public, press and interested pressure groups.

4.3 It should be noted that the Pay Policy is required to be published on an annual basis, once accepted by Council. There is a requirement under the Localism Act for this to be undertaken before the 31st of March each year.

4.4 For the purposes of the requirement to publish the statement by the 31st of March, salary details utilised are those in place as at 31st December 2013. Welsh Government recently

issued new statutory guidance on Pay Policies on the 25th of February 2014. In order to comply with the requirement to publish by the 31st of March, all reasonable efforts have been made to address this guidance. If on reflection it is ascertained that not all the fundamentals in the guidance have been addressed, the Pay Policy Statement will be further reviewed and republished accordingly.

- 4.5 As indicated in para 4.4 there are issues raised within the Welsh Government Guidance that require further consideration and consultation with members. Additional reports will be brought forward to members in the coming months to ensure that the Councils Pay Policy is fully compliant with the Welsh Government Guidance which is attached in Appendix G.

These include (the list is not intended to be exhaustive):-

- Paras 34+35 - Policy on the Payments of Salary and Pensions
- Paras 36+37 - Policy on Tax Avoidance in Employment
- Para 28 - Policy on Arrangements for Scrutiny of the Pay Policy

- 4.6 Members may wish to note that the new guidance from Welsh Ministers has introduced a recommendation that Full Council be offered the opportunity to vote on large salary packages of over £100k per annum (para 5.2.4 in the Pay Policy) in respect of new appointments. Similarly there is also a requirement in future for any severance package on termination of packages of over £100k, to require the approval of Full Council (para 5.4.3 in the Pay Policy).

- 4.7 It is also worth noting that the revised guidance contains new paragraphs outlining the role of the Independent Remuneration Panel. There will be a requirement to have regard to their recommendations on the salary of the Head of Paid Service and to specifically consult the Independent Remuneration Panel on changes to the salary of the HOPS 'not commensurate with a change to the salaries of the authorities other staff'. Specific guidance on the role of the Independent Remuneration Panel will be published by Welsh Government in April. Whilst this version of the Pay Policy does not require reference to the Independent Remuneration Panel, future versions will be required to reference this.

- 4.8 The other key changes are around transparency. We are required to ensure that our Pay Policy Statements can be found by a simple search on our website. Once the Pay Policy is approved by Council, these arrangements will be made. Additionally there is revised guidance on the format and detail contained within the policy that we are required to comply with.

- 4.9 The Hutton Review - "Review of Fair Pay in the Public Sector" (2010) – highlighted issues around Senior Pay, and the relativities with others in the organisation. The policy statement publishes these relativities, and CCBC is well within the advisory guidelines provided. The salary utilised for the Chief Executive calculations is the salary of the substantive post holder, and not that of the Interim Chief Executive.

- 4.10 Members will be aware that the Authority is an accredited Living Wage Employer. The living wage increased with effect from the 1st of November 2013 from £7.45 per hour to £7.65 per hour. Council in approving its budget for 2014-15 on the 26th of February 2014, granted approval to backdate to the 1st of November 2013. The figures contained in the pay multiples reflect this decision.

- 4.11 In 2012 Council approved a pay policy which included (for Chief Officers) a provision for reimbursement of one professional fee. This is common practice in many local authorities but it had not previously been a practice within this Council. Arising from the Council's subsequent review and strengthening of corporate governance arrangements it became clear that the report did not include any statement to Members highlighting that the professional fee element for Chief Officers was different from previous policy.

- 4.12 In consultation with our external auditors it became clear that this weakness in the report meant that there was potential for the decision to be considered unlawful and that the position

should be revisited and formalised to ensure that the Authority could not be challenged. Based on that advice an officer decision was taken to cease payment of further professional fees pending clarification/revision. In the meantime 5 reimbursements had been approved totalling approximately £1,500.

- 4.13 Having reviewed the matter further (and in light of the current circumstances), the view now is that the payments made to date should be honoured, but the policy from 2014/15 revert to its previous form. On that basis the attached policy excludes any reference to the payment of professional fees to Chief Officers (other than the post of Head of Legal Services, which has been the policy for a considerable time). In approving the policy for 2014 Members are asked to agree/endorse this approach.

5. EQUALITIES IMPLICATIONS

- 5.1 There are no direct potential equalities implications of this report, as it is a statement of current arrangements; therefore no specific Equalities Impact Assessment has been undertaken. Any previous changes to Terms and Conditions have been assessed for Equalities issues, as have other reports relating to CCBC employee pay issues such as the Living Wage report.

6. FINANCIAL IMPLICATIONS

- 6.1 There are no direct financial impacts arising from this Pay Policy statement. Given that our workforce costs are a significant contribution to our overall costs, there are indirect financial implications.

7. PERSONNEL IMPLICATIONS

- 7.1 There are no personnel implications arising from this Pay Policy statement.

8. CONSULTATIONS

- 8.1 Given that Pay Policy is a statement of current arrangements with minor changes to incorporate some of the recent Welsh Government Guidance, consultations have been limited to the consultees listed below.

9. RECOMMENDATIONS

- 9.1 Council agrees the attached Pay Policy Statement (Version 3) for publication on the Council's website.

10. REASONS FOR THE RECOMMENDATIONS

- 10.1 To comply with the legislative requirements of the Localism Act.

11. STATUTORY POWER

- 11.1 Local Government Act 1972, Localism Act 2011, the Council's Constitution.

Author: Gareth Hardacre, Head of Workforce and OD

Consultees: Cllr Christine Forehead, Cabinet Member for Governance and HR
Stuart Rosser, Interim Chief Executive
Nicole Scammell, Acting Director Corporate Services, Section 151 Officer
Gail Williams, Monitoring Officer

Appendices:

Appendix 1 Pay Policy Statement – Version 3 (including Welsh Government Guidance – Pay
Accountability in Local Government in Wales issued 25th February 2014)