



## **COUNCIL – 10TH MARCH 2015**

**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 head teachers/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 head teachers/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**

The Pay Policy Statement attached contains the full details of the remuneration position for the Council that it is required to publish under legislation.

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 31<sup>st</sup> March each year.

- 4.4 For the purposes of the requirement to publish the statement by the 31<sup>st</sup> March, the salary details utilised are those in place with effect from the 1<sup>st</sup> January 2015
- 4.5 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 Interim Chief Executive, and not that of the substantive post holder.
- 4.6 Members will be aware that the Council is an accredited Living Wage Employer. The living wage increased with effect from the 1<sup>st</sup> November 2014 from £7.65 per hour to £7.85 per hour. Council in approving its budget for 2015-16 on the 25<sup>th</sup> February 2015, granted approval to backdate to the 1<sup>st</sup> November 2014. The figures contained in the pay multiples reflect this decision.

#### **4.7 Chief Officer National Pay Award**

The Recent Welsh Government amendments to the Local Authorities (Standing Orders) (Wales) Regulations 2006 effective from 1<sup>st</sup> July 2014 introduced a new requirement that:

*"The relevant authority must determine the level, and any change in the level, of the remuneration to be paid to a chief officer"*

- 4.8 The impact of this amendment is that *all* changes to chief officer pay must be voted on by full Council, not just those which are determined locally. This includes any pay rises which have been nationally negotiated by the JNC for Chief Officers and these now cannot be paid, unless and until, they have been agreed by full Council.
- 4.9 As the Chief Officers of this authority are employed under national JNC terms and conditions which are incorporated into their contracts of employment, they will be contractually entitled to any JNC pay rises and a decision to withhold payment (unless preceded by action to effect appropriate changes to contracts) could result in claims against the authority of 'unlawful deduction from wages' or 'breach of contract'.
- 4.10 Seeking full Council's determination to pay JNC nationally agreed pay rises at the time they are agreed is likely to cause delay in their payment. The WLGA has therefore pursued this matter with Welsh Government on behalf of all Councils in order to seek a pragmatic solution. As a result it has been agreed that the requirement that full Council must determine nationally agreed contractually entitled pay rises for Chief Officers can be met by full Council voting to on an appropriate resolution to insert a suitable clause in their Pay Policy Statements to cover this issue.
- 4.11 For clarity the pay award that has been agreed for Chief Officers covers the period 1<sup>st</sup> April 2014 – 31<sup>st</sup> March 2016. Those employees covered by this pay award include all our Directors, Heads of Service and Service Managers (the Service Managers form the largest number in this group), as identified in our Pay Policy. The exact detail of the JNC award is included in the Pay Circular at Appendix 1. As our existing pay scales for Directors exceed the cap in the pay award, it should be noted that no payment would fall applicable to this group. It should be noted that there has been no award under the JNC bargaining arrangements since April 2008.
- 4.12 Welsh Government has also been keen to see that arrangements for Chief Officers are consistent with the measures in place for the wider workforce. Members may also wish to note that the NJC agreement which covers the largest part of our workforce has also been agreed, and covers the same period of the 1<sup>st</sup> April 2014 – 31<sup>st</sup> March 2016. The Pay Circular for the NJC Pay Award has been included at Appendix 2 for transparency, and this has already been implemented.

- 4.13 Should Members agree to the provisions outlined in 4.7 – 4.12 the following paragraph would be inserted into the Pay Policy attached at Appendix 3 prior to publication:

*‘The Council employs Chief Officers under JNC terms and conditions which are incorporated in their contracts. The JNC for Chief Officers negotiates on national (UK) annual cost of living pay increases for this group, and any award of same is determined on this basis. Chief Officers employed under JNC terms and conditions are contractually entitled to any national JNC determined pay rises and this Council will therefore pay these as and when determined in accordance with current contractual requirements.’*

This would be included at paragraph 4.2 in the Pay Policy if approved.

- 4.14 If Members approve the change outlined above, it will make a minor impact on the Pay Multiple data comparator in relation to Chief Officers. This impact, in both cases, creates an impact of an increase 0.1 on both published multiples. For transparency purposes, the revised multiple data that would be replace the data in 7.6 of the Pay Policy is:

Salary Multiple	Ratio
the multiple between the annual salary of the lowest paid Council employee and the Chief Executive (full-time equivalent basis) as a ratio	1 : 9.4
the multiple between the annual salary of the lowest paid Council employee and the average Chief Officer (full-time equivalent basis) as a ratio	1 : 5.6
the multiple between median earning of Council employees and the Chief Executive (full-time equivalent basis) as a ratio	1 : 7.2
the multiple between median earning of Council employees and the average Chief Officer (fulltime equivalent basis) as a ratio	1 : 4.3

## 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.
- 5.2 In determining the pay and remuneration of all of its employees, the Council will comply with all relevant employment legislation, including:
- the Equality Act 2010, including the requirements specifically in relation to Equal Pay
  - Part Time Employment (Prevention of Less Favourable Treatment) Regulations 2000
  - The Agency Workers Regulations 2010
  - The Transfer of Undertakings (Protection of Employment) Regulations 2006, where relevant;
  - The National Minimum Wage Act 1998.

## 6. FINANCIAL IMPLICATIONS

- 6.1 There are no direct financial impacts arising from this Pay Policy statement that have not already been included in our budgetary plans for 2015-16 onwards. Given that our workforce costs are a significant contribution to our overall costs, there are indirect financial implications.

## 7. PERSONNEL IMPLICATIONS

- 7.1 The personnel implications arising from the Pay Policy statement and the measures proposed are outlined in the body of the report.

## **8. CONSULTATIONS**

- 8.1 All consultation responses have been reflected in this report. The WLGA has consulted with Welsh Government Officials on behalf of all Council's to ensure that this approach meets their requirements.

## **9. RECOMMENDATIONS**

- 9.1 Council agrees the attached Pay Policy Statement (Version 4) for publication on the Council's website.
- 9.2 In light of the issues outlined in paragraph(s) 4.7 – 4.12 of this report, council resolves to amend the Council's Pay Policy Statement to include the following paragraph:

*'The Council employs Chief Officers under JNC terms and conditions which are incorporated in their contracts. The JNC for Chief Officers negotiates on national (UK) annual cost of living pay increases for this group, and any award of same is determined on this basis. Chief Officers employed under JNC terms and conditions are contractually entitled to any national JNC determined pay rises and this Council will therefore pay these as and when determined in accordance with current contractual requirements.'*

- 9.3 If members are minded to approve the recommendation set out at paragraph 9.2 the Council agrees that the Pay Policy Statement will be duly amended to reflect this prior to publication on the Council's website as part of its annual arrangements.

## **10. REASONS FOR THE RECOMMENDATIONS**

- 10.1 To comply with the legislative requirements of the Localism Act 2011.

## **11. STATUTORY POWER**

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

Author: Chris Burns, Interim Chief Executive  
Consultees: Cllr Christine Forehead, Cabinet Member for Governance and HR  
Cllr Barbara Jones, Deputy Leader and Cabinet Member for Corporate Services  
Anna Freeman, Director of Employment WLGA  
Dave Regan, Lead Officer (Benefits & Finance)  
Lisa Haile, HR Manager  
Lisa Lane, Corporate Solicitor

Appendix 1 Pay Circular Award – JNC Employees  
Appendix 2 Pay Circular Award – NJC Employees  
Appendix 3 Pay Policy Statement – Version 4

Background Papers: Welsh Government Guidance – Pay Accountability in Local Government in Wales issued 25<sup>th</sup> February 2014