

APPOINTMENTS COMMITTEE

Appointments Committee Date	7th March 2016
Planned Dates	Approval to Full Council on 23rd March 2016
Officer	Dilys Wynn

Purpose of Report	Compliance with Chapter 8 Pay Accountability of the Localism Act 2011.
Recommendations	To agree the council's draft Pay Policy Statement and recommend it to Full Council for approval
Resource Implications	Officer Time

MAIN REPORT CONTENTS

1 Purpose of Report.

The Localism Act 2011 requires local authorities to produce a pay policy statement for each financial year. The statement must be approved by Full Council no later than 31st March of each year; the latest requires approval by the end of March, 2016.

By way of background, the paper on Fair Pay in the Public Sector by Will Hutton (March 2011) heavily influenced the content of the Act and the overall purpose is to ensure a greater transparency and accountability to the public, on how public money is spent on the remuneration of employees. In doing so the statement has due regard to the Local Government Transparency Code (2014) and Openness and Accountability in Local Pay: Guidance under Section 40 of the Localism Act.

The Localism Act requires that the scope of the statement must cover a specific group of chief officers as defined within the Act as well as the council's lowest paid, which the council is required to define and give reasons for adopting the definition.

The policy statement must set out the council's policies for remuneration for both groups above. It must include its policies relating to the:

- level and elements of remuneration**
- remuneration on recruitment including reengagement
- increases and additions to remuneration
- use of performance-related pay
- use of bonuses
- approach to payment on ceasing to hold office
- publication and access to information relating to remuneration

***Remuneration is defined as salary, bonuses, charges or fees, allowances, benefits in kind, any increase in or enhancement to pension entitlement, any amounts payable on ceasing to be employed or other amounts that may be payable by an enactment.*

As a result the pay policy statement will require the council to make reference to other related publications such as the councils' Pension Policy Statement, policy on severance pay under the Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations 2006 and the salaries of employees as published in the councils' Statement of Accounts as defined by the Finance and Audit Regulations 2011.

The statement must also set out the relationship between the remuneration of its chief officers and its employees who are not chief officers, and the government has provided guidance on how this should be calculated (Local Government Transparency Code 2014).

Specifically the revisions are:

- general updates to reflect the changes to staff numbers and budget
- revised pay multiples based on the lowest, highest and median full-time equivalent salaries

- introduction from 6th April 2016 of a statutory requirement for employees with full-time equivalent earnings of £80k or more who leave employment with a redundancy or other severance payment, to repay this to their former employer if re-employed by any public sector organisation within 12 months of the date on which their previous employment ended. The percentage of the severance payment that is subject to recovery reduces incrementally in line with the time that has elapsed since the date of termination
- provision for in-year implementation of national pay awards when agreed
- provision for local implementation of forthcoming legislation to regulate public sector severance payments, including early release of pension benefits
- provision for local implementation of any nationally determined variation to public sector pay and conditions that may follow from the Government's forthcoming consultation

Future developments affecting remuneration

The national pay awards for staff employed under Local Government Services (Green Book) and Chief Officers' conditions of service have not yet been agreed and will therefore be subject to implementation after publication of the 2016-17 Pay Policy Statement. The Pay Policy Statement therefore endorses payment of these awards once the relevant national agreements are finalised; it will not therefore be necessary for Full Council to agree a formal amendment to the Pay Policy Statement later in the year in respect of these national awards.

Regulations are anticipated to come into effect from October 2016 placing a cap on the total of value of severance payments to public sector employees at £95k. The value of the severance payment will include the capitalisation cost of any early release of pension. The position regarding the council's implementation of these regulations will be included in the 2017-18 Pay Policy Statement.

The Government is currently consulting on further measures to regulate severance payments in the public sector with a view to creating greater consistency across the various public sector employers. This consultation includes proposals to review the basis on which public sector employees can be granted early release of pension benefits on redundancy. The position regarding the council's implementation of these regulations will be included in the 2017-18 Pay Policy Statement.

The Government has also announced an intention to consult on potential changes to those elements of public sector pay and conditions of service that are considered to be more favourable than comparable provisions generally available within the private sector. Any such changes that may be implemented during the coming year will be referenced in the 2017-18 Pay Policy Statement.

Revised pay multiples

The revised pay multiples to be published on the council's web-site are as follows, multiples (M) against highest salary shown in brackets.

Current Published	Revised data
Highest salary £161,225	Highest salary £161,225
Lowest salary £14,760 (M = 10.9)	Lowest salary £15,144 (M = 10.6)
Median salary £20,954 (M = 7.7)	Median salary £26,293 (M = 6.1)

Recommendation

The Appointments Committee are asked to approve the attached revised Pay Policy Statement and to recommend its adoption by the Council at Full Council on March 23rd 2016.