

<b>Subject:</b>	<b>Pay Policy Statement 2013/14</b>		
<b>Date of Meeting:</b>	<b>28<sup>th</sup> March</b> 21 <sup>st</sup> March 2013 – Policy & Resources Committee		
<b>Report of:</b>	<b>Director of Adult Services/Lead Commissioner Adult Social Care and Health</b>		
<b>Contact Officer:</b>	<b>Name:</b>	<b>Katie Ogden</b>	<b>Tel:</b> 291299
	<b>Email:</b>	<b>katie.ogden@brighton-hove.gov.uk</b>	
<b>Ward(s) affected:</b>	<b>All</b>		

## **1. SUMMARY AND POLICY CONTEXT:**

- 1.1 The Localism Act 2011 requires local authorities to produce a pay policy statement to be approved by Council annually before the start of the financial year to which it relates. The aim is to increase accountability, transparency and fairness in the setting of local pay. These statements must set out the council's policies on a range of issues relating to the pay of its workforce, particularly its senior and lowest paid staff. The provisions in the Act do not seek to determine what decisions on pay should be taken or what policies should be in place, but require councils to be more open about their policies and how decisions are made.
- 1.2 This report seeks approval of the Policy & Resources Committee to recommend to Council the attached pay policy statement for adoption from 1st April 2013.

## **2. RECOMMENDATIONS:**

- 2.1 That Policy & Resources Committee recommend to Council the adoption of the pay policy statement 2013/14 attached at Appendix A.

## **3. RELEVANT BACKGROUND INFORMATION/CHRONOLOGY OF KEY EVENTS:**

- 3.1 The Localism Act 2011 requires local authorities to produce annual pay policy statements prior to the year to which they relate. Attached at Appendix A is the Council's second such statement. The council may amend its statement by resolution of Council if required during the year to which it relates. Schools staff fall outside the scope of this legislation.
- 3.2 Chief officers, for the purpose of this legislation, are those who report to the Chief Executive and those who report to posts reporting to the Chief Executive i.e. deputy chief officers.
- 3.3 The statement must provide a definition of lowest-paid employees adopted by the council for the purposes of the statement and it must include the council's policies relating to the remuneration of chief officers, payments to chief officers

on leaving and the publication of information on the remuneration of chief officers.

- 3.4 The Department for Communities and Local Government guidance, 'Openness and Accountability in Local Pay', states 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 the appropriate threshold to be £100,000. This was incorporated into the council's pay policy statement last year. One of the difficulties with this approach would be the ability to amend the pay package for a particular appointment, excluding that of the Chief Executive, as there is likely to be an equal pay impact on current employees at the same level. Such a requirement could cause delay to a recruitment process or place an appointment at risk. The 2013/14 statement places responsibility for advising on remuneration for such posts with the Appointments and Remuneration Panel.
- 3.5 Supplementary Guidance published in February 2013 recommends greater scrutiny and accountability for decisions made to offer large severance packages. Again the recommended threshold for a vote by full Council is set at £100,000 and states that all components of such packages e.g. pay in lieu of salary, redundancy payments, pension entitlements, holiday pay and any other fees or allowances are clearly set out. The attached pay policy statement provides that such cases will be referred to the Appointments and Remuneration Panel for consideration and recommendation to the Chief Executive. All other severance packages are considered and agreed by an officer compensation panel comprising the Head of Human Resources, the Monitoring Officer and the s151 Officer (or their delegates). The District Auditor is also consulted about any potential offers to Chief Officers.
- 3.6 The Act does not require specific numerical data on pay and reward to be published as part of a council's pay policy statement. However, the guidance suggests that consideration be given to how the pay policy statement fits with data on pay and reward that councils are already required to publish under the Code of Recommended Practice for Local Authorities on Data Transparency and by the Accounts and Audit (England) Regulations 2011. Our pay policy statement contains hyperlinks to all the relevant documents published on the council's website.
- 3.7 The Act requires authorities to explain what they think the relationship should be between the remuneration of its chief officers and its employees who are not chief officers. Last year the council's pay policy statement contained a multiple that had been calculated on the basis of the median earnings for all chief officers and the median workforce earnings. However the Hutton report on Fair Pay advises the use of a pay multiple calculated on the difference between the Chief Executive's earnings and the median earnings of the workforce and this is the approach other authorities appear to have taken. It is recommended that Brighton & Hove City Council adopt the same approach. The pay policy statement is written to say that we will publish the multiple between the earnings of the Chief Executive and the median earnings of the workforce on our website each year.

- 3.8 The salary package for the Chief Executive was reduced during the past year. The Living Wage for council employees will increase to £7.45 per hour with effect from 1<sup>st</sup> April 2013.
- 3.9 The pay policy statement provides links to our existing policies on redundancy, retirement and other compensation payments. These policies set out who is responsible for decisions on such payments. It is the council's policy that employees who accept a financial package on voluntary termination of their employment with the council are not re-employed or engaged as a self employed contractor or through an agency for a minimum period of two years.
- 3.10 The pay policy statement excludes all schools based staff including Headteachers.
- 3.11 The pay policy statement, when published on our website, will contain hyperlinks to related information.

#### **4. COMMUNITY ENGAGEMENT AND CONSULTATION**

- 4.1 The purpose of this pay policy statement is to provide transparency on how local decisions on pay are made.

#### **5. FINANCIAL & OTHER IMPLICATIONS:**

##### Financial Implications:

- 5.1 The annual pay policy statement supports good governance and allows benchmarking comparisons with other local authorities to assess Value for Money. The pay assumptions within the budget for 2013/14 are consistent with this policy.

*Finance Officer Consulted: Anne Silley*

*Date: 26<sup>th</sup> February 2013*

##### Legal Implications:

- 5.2 The proposed Pay Policy Statement complies with the requirements of s38 Localism Act 2011 and has taken into account associated guidance. The proposed Statement is also consistent with existing Data Protection and Employment legislation. As set out in the report, it is a requirement of the Localism Act that the Pay Policy Statement is approved by Full Council.

*Lawyer Consulted: Elizabeth Culbert*

*Date: 26<sup>th</sup> February 2013*

- 5.3 Equalities Implications:

The publication of a pay policy statement increases transparency over pay and promotes fairness.

- 5.4 Sustainability Implications:

None

5.5 Crime & Disorder Implications:

None

5.6 Risk and Opportunity Management Implications:

The provision of this pay policy statement provides greater transparency to enable the public to understand and challenge local decisions of pay and reward of the council's workforce.

5.7 Public Health Implications:

None

5.8 Corporate / Citywide Implications:

The pay policy statement provides local taxpayers with information on how the council makes local decisions on pay and thus provides greater openness and transparency to assist the public to assess value for money.

## **SUPPORTING DOCUMENTATION**

### **Appendices**

Appendix A Pay Policy Statement 2013/14

### **Background Documents**

1. The Localism Act 2011
2. Openness and accountability in local pay: Guidance under section 40 of the Localism Act
3. Openness and accountability in local pay: Guidance under section 40 of the Localism Act Supplementary Guidance February 2013
4. Code of Recommended Practice for Local Authorities on Data Transparency
5. Hutton Review of Fair Pay in the Public Sector 2011