



Report of: Interim Borough Transformation Manager

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SUBJECT: PAY POLICY STATEMENT 2016/17

Wards affected: Borough wide.

1.0 PURPOSE OF THE REPORT

1.1 To agree a Pay Policy Statement for 2016/17 detailing the Authority's policy on workforce remuneration, as required by the Localism Act 2011.

2.0 RECOMMENDATIONS TO COUNCIL

2.1 That the Pay Policy Statement for 2016/17 attached at Appendix (i) be approved, published on the Council's website and included in the Constitution.

3.0 BACKGROUND

3.1 The Localism Act refers to 'Pay Accountability' and sets out the requirements for Councils and fire and rescue authorities to prepare and publish annual pay policy statements. The pay policy statement must be approved by full Council, in advance of the financial year to which it relates.

3.2 The Council must publish the statement on the Council's website and may choose to expand the publication in other ways as part of its approach towards transparency. The pay policy statement must set out the Council's policies relating to:-

- Chief Officer remuneration (at recruitment, salary, bonus/performance related pay, charges/fees/allowances, benefits in kind, enhancement to pension, at termination),
- Remuneration of its lowest paid employees (elements as above), the definition used for this group and the reason for adopting that definition,
- The relationship between Chief Officer remuneration and that of other staff.

- 3.3 The Council may amend its pay policy statement during the year but must comply with the statement in force in making decisions on relevant remuneration. Items elsewhere on the agenda deal with the Senior Management Structure within the Council, subject to the decisions on these items an updated Pay Policy Statement 2016/17 will be submitted for approval to Council in April 2016.
- 3.4 The definition of Chief Officers is not limited to those on Chief Officer Terms and Conditions (JNC Conditions). It means Heads of Paid Service, statutory and non-statutory Chief Officers and those who report directly to them.
- 3.5 The Localism Act sets out the minimum requirements and authorities are encouraged to consider whether they wish to extend the scope of their pay policy statement to include highly paid staff not within the definition of 'Chief Officers'. At West Lancashire the scope of the 'Chief Officer' definition means that it is not necessary to so extend.
- 3.6 The information set out within the Pay Policy Statement complements the data on pay and reward that the Council is required to publish separately, under the Code of Recommended Practice for Local Authorities on Data Transparency and by the Accounts and Audit (England) Regulations 2011 and Local Government Transparency Code 2014. This is referred to on the Council's website.

4.0 GUIDANCE ON OPENNESS AND ACCOUNTABILITY IN LOCAL PAY

- 4.1 Under Section 40 of the Localism Act the Council must, when preparing and approving pay policy statements, have regard to any guidance issued or approved by the Secretary of State for Communities and Local Government. In February 2012, the Secretary of State issued guidance on openness and accountability in local pay setting out specific expectations including:-
- Full Council having the opportunity to vote on senior remuneration packages with a value over £100,000 prior to an offer being made in a new appointment;
 - Policies explaining the planned relationship between chief officer's remuneration and that of other staff and the ratio between the highest paid and the median salary that the authority aims to achieve or maintain;
 - Authorities considering Lord Hutton's recommendations on the value of a system of 'earn back' pay, with an element of their basic pay 'at risk'; to be earned back each year through meeting pre-agreed objectives;
 - Any decision that an Authority takes in relation to the award of severance to an individual Chief Officer, complying with their published policy for that year;
 - Authorities having an explicit policy in their pay statement on whether or not they permit an individual to be in receipt of a pension in addition to receiving a salary;
 - Policies toward Chief Officers, who have returned to an Authority and; had received a severance or redundancy payment, returned under a contract for services or are in receipt of a LGPS / firefighter pension.
- 4.2 Additional supplementary guidance was issued in February 2013, which is summarised below:
- Pay Policy Statements are public documents to be used to hold Councillors to account on pay matters.

- The Pay Policy Statement should be published as soon as reasonably practicable after approval by full Council, it should include the Council's approach to the publication of and access to information on Chief Officer remuneration.
- Building on existing guidance regarding the need for full Council approval for Senior Officer appointments on salaries over £100,000. Where Councils do not have posts within their structure of over £100,000, local salary thresholds should be set for full Council approvals to senior officer appointments.
- There should be published policies on severance for Chief Officers and details of any redundancy payment discretions.
- Full Council should vote on large severance packages beyond a threshold of £100,000, the details should be set out to include all components of the severance, including salary paid in lieu, redundancy compensation, pension entitlement, holiday pay, bonuses, fees and allowances.

5.0 CURRENT APPROACH

- 5.1 Members have been mindful for many years of ensuring that the remuneration available to the Chief Officers and senior managers within the Council is appropriate in terms of ensuring the necessary skills are available to the Council.
- 5.2 The annual Pay Policy Statement provides information about the remuneration package offered by the Council to the Chief Officers within the structure. The salary ratio of highest paid and the average salary across the workforce and the Chief Officers is detailed in the policy statement.
- 5.3 Lord Hutton in his review of public sector pay, Fair Pay in the Public Sector, December 2010, recommended (amongst a number of other things), that the ratio between the lowest and highest paid officers within a public sector organisation should be no more than 1:20. With this recommendation in mind, the Council is well within the boundaries of reasonable and appropriate pay differentials.
- 5.4 In producing the Pay Policy Statement, due consideration has been given to the guidance available, and the recommendations and findings of the Hutton report and it is considered that the Pay Policy Statement presents a fair and appropriate approach to senior officer remuneration across the Council, which also represents good value for money.
- 5.5 In December 2015, Council agreed to increase the additional supplement to those Council employees not currently receiving 'a Living Wage Foundation living wage' (i.e. an hourly rate of less than £8.25) with effect from 1 December 2015. This provides a supplementary payment to all staff on spinal column points 6 to 11 in addition to their normal salary payment. This has been accounted for in the Pay Policy Statement 2016/17.
- 5.6 Employees who are members of the Local Government Pension Scheme (LGPS) pay annual contributions into the Scheme based on a banding structure. The LGPS was amended with effect from 1 April 2014 and the revised contribution bandings effective from 1 April 2014 are incorporated into the Pay Policy 2016/17.

6.0 PROPOSALS

- 6.1 The Council is required to agree a Pay Policy Statement and it is recommended to adopt the Pay Policy Statement 2016/17 as attached at Appendix (i). The statement agreed for 2015/16 has been refreshed and figures appropriately updated. The Policy will be reviewed annually and further reports prepared for Council each year in order to ensure effective delivery of the Council's objectives.
- 6.2 The Council put in place interim Senior Management arrangements from 1 February 2016 at its meeting in October 2015. On agreement of a new permanent Senior Management structure for the Council the Pay Policy Statement 2016/17 will be revised and presented to Council for approval in April 2016.

7.0 SUSTAINABILITY IMPLICATIONS/COMMUNITY STRATEGY

- 7.1 The report acknowledges the need to be transparent and open about the Chief Officer Pay arrangements. The Council has sought to make sure its pay arrangements ensure a suitably qualified and experienced set of Chief Officers are in place to deliver the Council's business, through appropriate remuneration at this senior level, whilst at the same time achieving value for money and being cognisant of the Council's objectives set out in the Council Plan.

8.0 FINANCIAL AND RESOURCE IMPLICATIONS

- 8.1 The proposed Pay Policy Statement will not have any direct effect on the budgetary position of the Council as it encapsulates the current arrangements in relation to Pay and Conditions of its Chief Officers and makes no recommendations to amend these.

9.0 RISK ASSESSMENT

- 9.1 This item is a statement of the current position. It therefore does not require a formal risk assessment and no changes have been made to risk registers as a result of this report.

Background Documents

There are no background documents (as defined in Section 100D(5) of the Local Government Act 1972) to this Report.

Equality Impact Assessment

There is a significant direct impact on members of the public, employees, elected members and / or stakeholders. Therefore an Equality Impact Assessment is required a formal equality impact assessment is attached as Appendix (ii) to this report, the results of which have been taken into account in the Recommendations contained within this report.

Appendices

- (i). Pay Policy Statement 2016/17
- (ii). Equality Impact Assessment