

NORTH LINCOLNSHIRE COUNCIL

COUNCIL

IMPLEMENTATION OF THE 2012/2013 PAY POLICY STATEMENT

1 OBJECT AND KEY POINTS IN THIS REPORT

- 1.1 To outline and seek approval for the council's proposed Pay Policy Statement for 2012/2013, in accordance with section 38 of the Localism Act 2011.

2 BACKGROUND INFORMATION

- 2.1 Local Authorities are required under section 38(1) of the Localism Act 2011 (the Act) to prepare a Pay Policy Statement. The statement must set out the council's approach to pay and reward of its most senior employees, set within the context of the pay of the wider workforce.
- 2.2 Each council is an individual employer in its own right and has the autonomy to make decisions on pay that are appropriate to local circumstances and which deliver value for money for local taxpayers. The provisions of the Act do not seek to change this or to determine what decisions on pay should be taken. They do however require individual councils to be more open about their policies in relation to pay and how decisions are made in this regard.
- 2.3 The Act requires that Pay Policy Statements are produced annually and are considered in an open session of full council. The first statement must be published by 1 April 2012.
- 2.4 The council's first policy is set in the context of the senior management review and accordingly reflects the new structure of 'Chief Officer' posts.

- 2.5 As no appointments to the new structure will have been made by 21 February 2012, names will not be included alongside data on job titles published in order to meet the CLG Code of Recommended Practice for Local Authorities on Data Transparency. Published data on the council's website will be updated to reflect the revised structure at an appropriate time.
- 2.6 The Act requires that authorities include in their Pay Policy Statements
- The approach taken to awarding other elements of pay including severance payments, any additional fees e.g. election duties, pay increases, honoraria payments etc.
 - The approach to the publication of and access to information relating to the remuneration of Chief Officers
 - The organisation's pay multiple. The 'pay multiple' is the ratio between the highest paid employee and the median average earnings across the council which acts as a means of illustrating the relationship between the highest and lowest paid.
- 2.7 Section 40 of the Act requires authorities in developing their Pay Policy Statement to have regard to additional guidance as detailed below.

CLG Code of Recommended Practice for Local Authorities on Data Transparency

- 2.8 The Code enshrines the principles of transparency and asks councils to follow three principles when publishing data they hold; responding to public demand; releasing data in open formats available for re-use; and, releasing data in a timely way. This includes data on senior salaries and the structure of their workforce.
- 2.9 The Code indicates that councils should publish the following data concerning staff:
- Salaries, names (with an option for individuals to refuse to consent to this), job descriptions, responsibilities, budgets (including overall salary cost of staff reporting), and numbers of staff for all staff in receipt of a salary of more than £58,200
 - An organisational chart of the staff structure of the authority including salary bands and details of currently vacant posts
 - The 'pay multiple' – the ratio between the highest paid salary and the median average salary of the whole authority workforce

The Accounts and Audit (England) Regulations (2011)

- 2.10 The Accounts and Audit (England) Regulations (2011) require that the following data is included in the authority's accounts:
- Numbers of employees with a salary above £50,000 per annum (pro-rata for part-time staff) in multiples of £5,000.
 - Job title, remuneration and employer pension contributions for senior officers. Senior officers are defined as Head of Paid Service, Statutory Chief Officers and Non-Statutory Chief Officers by reference to Section 2 of the 1989 Local Government & Housing Act.
 - Names of employees paid over £150,000 per annum
- 2.11 Data published on the council's website will be brought together to take account of all of the above requirements.

3 OPTIONS FOR CONSIDERATION

- 3.1 To consider and accept the proposed Pay Policy Statement for 2012/2013.
- 3.2 To reject the Pay Policy Statement for 2012/2013.
- 3.3 To make recommendations to extend the provisions of the proposed Pay Policy Statement beyond the minimum statutory requirements.

4 ANALYSIS OF OPTIONS

- 4.1 The proposed Pay Policy Statement meets the minimum requirements of the Act. Where possible it cross references other council policies on pay and terms and conditions of employment all of which are accessible on the council's website. This satisfies the current requirements and enables further work to be carried out locally as the transparency agenda evolves.
- 4.2 Whilst all of the council's Human Resources policies are published on the website for public access, the Act sets out in detail the specific minimum elements which the Pay Policy Statement must include. Not agreeing and publishing a Pay Policy statement for Chief Officers will mean that the council has failed to meet a statutory obligation and may

generate criticism from the public due to a failure to support the transparency agenda.

- 4.3 Because the first pay statement must be published by 1 April 2012 a decision on its content has to take place at the next full council meeting on 21 February 2012. Recommending changes to the proposed Pay Policy statement and the council's existing pay strategy would necessitate significant consultation and would mean the council is unlikely to meet statutory obligations in this area.

5 RESOURCE IMPLICATIONS (FINANCIAL, STAFFING, PROPERTY, IT)

5.1 Financial

There are no direct financial implications.

5.2 Staffing

There are no direct staffing implications. The Pay Policy Statement for 2012/2013 reflects the council's existing practice on pay for Chief Officers.

5.3 Property

None.

5.4 IT

A copy of the council's Pay Policy Statement for 2012/2013 will be published on the council's website.

6 OTHER IMPLICATIONS (STATUTORY, ENVIRONMENTAL, DIVERSITY, SECTION 17 - CRIME AND DISORDER, RISK AND OTHER)

- 6.1 The council's Pay Policy Statement complies fully with the minimum requirements of section 38 of the Localism Act 2011.

7 OUTCOMES OF CONSULTATION

- 7.1 The trade unions have been provided with a copy of the council's Pay Policy Statement for 2012/2013 and have raised no objections.

8 RECOMMENDATIONS

- 8.1 That the proposed Pay Policy Statement for 2012/2013 be approved and adopted.

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Background Papers used in the preparation of this report:

CLG Guidance on Openness and Accountability in Local Pay
CLG Code of Recommended Practice for Local Authorities on Data Transparency
The Accounts and Audit (England) Regulations (2011)
Hutton Review of Fair Pay in the Public Sector

1.0 Introduction

- 1.1 Sections 38 – 43 of the Localism Act 2011 require that the council produce a policy statement that covers a number of matters concerning the pay of the council's staff, principally Chief Officers. This policy statement meets the requirements of the Localism Act in this regard and also meets the requirements of guidance issued by the Secretary of State for Communities and Local Government to which the council is required to have regard under Section 40 of the Act.
- 1.2 This policy was considered and approved by the Full Council at the meeting which took place on 21 February 2012.
- 1.3 This policy also has some connection with the data on pay and rewards for staff which the council publishes under the Code of Recommended Practice for Local Authorities on Data Transparency and the data which is published under The Accounts and Audit (England) Regulations (2011).
- 1.4 It should be noted that the requirements to publish data under the Secretary of State guidance, the Code of Practice and the Regulations do differ, the data requirements of the Code of Practice and the Accounts and Audit Regulations are summarised at section 11.0 of this document.
- 1.5 This policy statement does not cover or include school staff and is not required to do so.

2.0 Definition of officers covered by the policy statement

- 2.1 This policy statement covers the following posts:
1. Head of the Paid Service, which in this council is the post of Chief Executive.
 2. Statutory Chief Officers, which in this council are the posts of
 - Director People

3. Non-statutory Chief Officers, (those who report directly to the Head of the Paid Service or a Statutory Chief Officer) which in this council are the posts of:
 - Director Policy & Resources
 - Director Places

4. Deputy Chief Officers, (those who report directly to a non-statutory Chief Officer) which in this council are the posts of:
 - Assistant Director School Improvement
 - Assistant Director Commissioning & Localities
 - Assistant Director Specialist Services
 - Assistant Director Adult Services
 - Assistant Director Human Resources
 - Assistant Director Legal Services
 - Assistant Director Financial Services
 - Assistant Director Business Support
 - Assistant Director Customer Services
 - Assistant Director Community Services
 - Assistant Director Technical & Environment Services
 - Assistant Director Planning & Regeneration

3.0 Remunerating chief officers

- 3.1 The council's current arrangements for the remuneration of our chief officers are set out on the council's website. It is the policy of this council to establish a remuneration package for each chief officer post that is sufficient to attract and retain staff of the appropriate skills, knowledge, experience, abilities and qualities that is consistent with the council's requirements of the post in question at that time.

- 3.2 Grading of jobs is determined by the use of the council's job evaluation schemes to ensure that they are fair and non-discriminatory, comply with equal pay legislation and associated codes of best practice.

4.0 Remunerating the lowest paid in the workforce

- 4.1 The council applies terms and conditions of employment that have been negotiated and agreed through appropriate collective bargaining mechanisms (national or local) or as a consequence of council decisions, these are then incorporated into contracts of employment.
- 4.2 The lowest pay point in this council is Grade 1 point 4. This equates to an annual salary of £12,145, an hourly rate of pay of £6.30. This pay point and salary was determined by the council as part of a pay scale for employees employed on National Joint Council (NJC) for Local Government Service terms and conditions on 1 April 2009 and has been applied since that date. The pay rate is increased in accordance with any pay settlements which are reached through the NJC for Local Government Services.

5.0 Relationship between chief officer remuneration and that of other staff

- 5.1 The highest paid salary in this council is £129,699 per annum which is paid to the Chief Executive.
- 5.2 The average median salary (as at 31 January 2012) in this council (not including schools) is £17,802 per annum.
- 5.3 The ratio between the two salaries above, the 'pay multiple' is 7:1. This council does not have a policy on maintaining or reaching a specific 'pay multiple', however the council is conscious of the need to ensure that the salary of the highest paid employee is not excessive and is consistent with the needs of the council as expressed in this policy statement.
- 5.4 The council's approach to the payment of other staff is to pay that which the council needs to pay to recruit and retain staff with the skills, knowledge, experience, abilities and qualities needed for the post in question at that time, and to ensure that the council meets any contractual requirements for staff including the application of any local or national collective agreements, or council decisions regarding pay.

6.0 Other aspects of chief officer remuneration

6.1 Other aspects of chief officer remuneration are appropriate to be covered by this policy statement. These other aspects are defined as recruitment, pay increases, additions to pay, performance related pay, earn back, bonuses, termination payments, transparency and re-employment when in receipt of a Local Government Pension Scheme (LGPS) pension or a redundancy/severance payment. These matters are addressed in the schedule that is attached to this policy statement at Appendix 1.

7.0 Approval of salary packages in excess of £100,000

7.1 The council will ensure that, at the latest before an offer of appointment is made, any salary package for any post (not including schools) that is in excess of £100,000 will be considered by Full Council. The salary package will be defined as base salary, any bonuses, fees, routinely payable allowances and benefits in kind that are due under the contract.

8.0 Flexibility to address recruitment issues for vacant posts

8.1 In the vast majority of circumstances the provisions of this policy will enable the council to ensure that it can recruit effectively to any vacant post. There may be exceptional circumstances when there are recruitment difficulties for a particular post and where there is evidence that an element or elements of the remuneration package are not sufficient to secure an effective appointment. This policy statement recognises that this situation may arise in exceptional circumstances and therefore a departure from this policy can be implemented without having to seek Full Council approval for a change of the policy statement. Such a departure from this policy will be expressly justified in each case and will be approved through an appropriate council decision making route.

9.0 Amendments to the policy

9.1 It is anticipated that this policy will not need to be amended during the period it covers (1 April 2012 to 31 March 2013), however if circumstances dictate that a change of policy is considered to be appropriate during the year then a revised draft policy will be presented to Full Council for consideration.

10.0 Policy for future years

10.1 This policy statement will be reviewed each year and will be presented to Full Council each year for consideration in order to ensure that a policy is in place for the council prior to the start of each financial year.

11.0 Supporting legislation and statutory guidance

11.1 The Secretary of State for Communities and Local Government (CLG) Code of Recommended Practice for Local Authorities on Data Transparency indicates that local authorities should publish the following data concerning staff:

- Salaries, names (with an option for individuals to refuse to consent to this), job descriptions, responsibilities, budgets (including overall salary cost of staff reporting), and numbers of staff for all staff in receipt of a salary of more than £58,200
- An organisational chart of the staff structure of the authority including salary bands and details of currently vacant posts
- The 'pay multiple' – the ratio between the highest paid salary and the median average salary of the whole authority workforce

11.2 The Accounts and Audit (England) Regulations (2011) require that the following data is included in the authority's accounts:

- Numbers of employees with a salary above £50,000 per annum (pro-rata for part-time staff) in multiples of £5,000.

- Job title, remuneration and employer pension contributions for senior officers. Senior officers are defined as Head of Paid Service, Statutory Chief Officers and Non-Statutory Chief Officers by reference to Section 2 of the 1989 Local Government & Housing Act.
- Names of employees paid over £150,000 per annum

For the above remuneration is to include:

- Salary, fees or allowances for the current and previous year
- Bonuses paid or receivable for the current and previous year
- Expenses paid in the previous year
- Compensation for loss of employment paid to or receivable, or payments made in connection with loss of employment
- Total estimated value of non-cash benefits that are emoluments of the person

For the above pension contributions to include:

- The amount driven by the authority's set employer contribution rate
- Employer costs incurred relating to any increased membership or award of additional pension

Recruitment

- 1.1 The post will be advertised and appointed to at the appropriate approved salary level for the post in question unless there is good evidence that a successful appointment of a person with the required skills, knowledge, experience, abilities and qualities cannot be made without varying the remuneration package. In such circumstances a variation to the remuneration package is appropriate under the council's policy and any variation will be approved through the appropriate council decision making process.

Pay increases

- 1.2 The council will apply any pay increases that are agreed by relevant national negotiating bodies and/or any pay increases that are agreed through local negotiations. The council will also apply any pay increases that are as a result of council decisions to significantly increase the duties and responsibilities of the post in question beyond the normal flexing of duties and responsibilities that are expected in senior posts. Where a change in the duties of the post are significant a revised job description will be submitted for re-evaluation in accordance with the council's approved job evaluation scheme and Grading policy B.5.
- 1.3 If the evaluation results in a change in grade, the manager will prepare a report for consideration by the relevant cabinet member(s) and for approval by the Corporate and Community Services Cabinet Member.

Additions to pay

- 1.4 The council would not make additional payments beyond those specified in the contract of employment.

Performance related pay

- 1.5 The council does not operate a performance related pay system as it believes that it has sufficiently strong performance management arrangements in place to ensure

high performance from its senior officers. Any areas of under-performance are addressed rigorously.

Earn-back (Withholding an element of base pay related to performance)

- 1.6 The council does not operate an earn-back pay system as it believes that it has sufficiently strong performance management arrangements in place to ensure high performance from its senior officers. Any areas of under-performance are addressed rigorously.

Bonuses

- 1.7 The council does not pay bonus payments to senior officers.

Termination payments

- 1.8 The council applies its normal redundancy payments arrangements to senior officers and does not have separate provisions for senior officers. The council also applies the appropriate Pensions regulations when they apply. The council has agreed policies on how it will apply any discretionary powers it has under pensions regulations. These discretions are set out in the council's Local Government Pension Scheme (LGPS) Discretionary Options and Compensation for Termination of Employment policy A.8a.
- 1.9 Any costs that are incurred by the council regarding senior officers are published in the council accounts as required under the Accounts and Audit (England) Regulations 2011 and can be viewed at www.northlincs.gov.uk.

Transparency

- 1.10 The council meets its requirements under the Localism Act, the Code of Practice on Data Transparency and the Accounts and Audit Regulations in order to ensure that it is open and transparent regarding senior officer remuneration. Detailed information can be viewed at www.northlincs.gov.uk.

Re-employment of staff in receipt of an LGPS pension or a redundancy/severance payment

- 1.11 The council is under a statutory duty to appoint on merit and has to ensure that it complies with all appropriate employment and equalities legislation. The council will always seek to appoint the best available candidate to a post who has the skills, knowledge, experience, abilities and qualities needed for the post. The council will therefore consider all applications for candidates to try to ensure the best available candidate is appointed.
- 1.12 If a candidate is a former employee in receipt of an LGPS pension or a redundancy payment this will not rule them out from being re-employed by the council. Clearly where a former employee left the council on redundancy terms then the old post has been deleted and the individual cannot return to the post as it will not exist. The council will apply the provisions of the Redundancy Payments Modification Order regarding the recovery of redundancy payments if this is relevant. Pensions Regulations also have provisions to reduce pension payments in certain circumstances to those who return to work within the local government service.