

CHESHIRE EAST COUNCIL

STAFFING COMMITTEE

Date of Meeting: 20 February 2012
Report of: Head of HR and Organisational Development
Subject/Title: Pay Policy Statement 2012/2013

1.0 Report Summary

- 1.1 Section 38/11 of the Localism Act 2011 requires local authorities to produce a Pay Policy Statement for 2012/2013 by 31 March 2012 and for each financial year thereafter. Regard is to be had to any guidance from the Secretary of State in producing this statement.
- 1.2 The Pay Policy Statement being recommended for adoption is attached at Appendix A.

2.0 Decision Requested

- 2.1 That the Pay Policy Statement 2012/13 be recommended to Council for approval.

3.0 Reasons for Recommendations

- 3.1 A pay policy statement is required to be produced annually from 2012-2013 under section 38 of the Localism Act. Local Authorities must have their Pay Policy Statement approved by full Council and published on their web site no later than the 31st March prior to the financial year to which they relate.

4.0 Wards Affected

- 4.1 None

5.0 Local Ward Members

- 5.1 N/A

6.0 Policy Implications including – Carbon Reduction - Health

- 6.1 None

7.0 Financial Implications (Authorised by the Director of Finance and Business Services)

- 7.1 None

8.0 Legal Implications (Authorised by the Borough Solicitor)

- 8.1 The Council is required to produce and publish a Pay Policy Statement, agreed by Council, for 2012/13 and for each subsequent year, under section 22 of the Localism Act.
- 8.2 This report and accompanying Pay Policy Statement, once approved and adopted, ensures that we comply with this requirement.

9.0 Risk Management

- 9.1 None

10.0 Background and Options

- 10.1 The Localism Act and supporting guidance provides details of matters that must be included in this statutory pay policy, but also emphasises that each local authority has the autonomy to take its own decisions on pay and pay policies.
- 10.2 Any decisions relating to the pay and remuneration of Chief Officers must comply with the Pay Policy Statement in place at the time for that financial year and whilst the Statement can be amended in year should the need arise, any changes must be subject to the approval of full Council.
- 10.3 The provisions in the Act do not apply to the employees of local authority schools and therefore teachers and schools based employees have not been brought within the scope of the pay policy.
- 10.4 The definition of Chief Officers, for the purposes of this report and the Pay Policy Statement, includes the Head of Paid Service and Statutory Officers as well as those who report directly to them (non-statutory Chief Officers) and their direct reports (deputy chief officers). This definition is in line with the guidance and includes all of the Extended Management Team, our most senior managers, whose salaries start at £55,067 (grade 15) which is just below the level required to be published under the Code of Practice on Data Transparency (£58,200).

10.5 What is in the Pay Policy Statement:

- 10.6 A pay policy statement must set out the Authority's policies for the financial year relating to:
- The level and elements of remuneration for each Chief Officer
 - Remuneration of Chief Officers on recruitment
 - Increases and additions to remuneration for each Chief Officer
 - The use of performance related pay for Chief Officers
 - The use of bonuses for Chief Officers
 - The remuneration of the lowest paid employees
 - The relationship between Chief Officer's remuneration and that of other Officers (see section 10.10 below).

- The approach to the payment of Chief Officers on their ceasing to hold office under or to be employed by the Authority, and
- The publication of and access to information relating to remuneration of Chief Officers.

10.7 For clarity, the term 'remuneration' includes the following:

- Basic salary or, in the case of Chief Officers engaged by the Authority under a contract for services, payments made by the Authority to the chief officers for those services
- Any bonuses payable by the authority to the Chief Officers
- Any charges, fees or allowances payable by the Authority to the Chief Officers
- Any benefits in kind to which the Chief Officers are entitled as a result of the Chief Officer's office or employment
- Any increase in or enhancement of the Chief Officer's pension entitlement where the increase or enhancement is as a result of a resolution of the Authority, and
- Any amounts payable by the Authority to the Chief Officers on the Chief Officers ceasing to hold office under or be employed by the authority, other than amounts that may be payable by virtue of any enactment.

10.8 A pay policy statement must also set the Authority's policies for the financial year relating to the other terms and conditions applying to the Chief Officers.

10.9 The Pay Policy Statement confirms that changes to existing posts or additional posts created, with a salary above £100,000, will be subject to a vote by full Council prior to appointment.

10.10 The policy complies with the requirement to explain the relationship between the remuneration of its chief officers and its employees who are not chief officers, under Section 10, Pay Multiples on page 12. As a means of illustrating this relationship, the policy states:

- The ratio between the highest paid employee, the Chief Executive (£173,000) and the average earnings across the Council (£21,798 FTE) is 7.94. It also identifies:
- The multiple between the lowest paid employee (£12,145) and average Chief Officer salary (£81,573), which is 6.72.

10.11 The Pay Policy includes the Council's approach to remuneration of its employees, including the lowest paid employees and, as required by the Act, the Council provides its definition of what it considers to be the "lowest paid" for these purposes (see section 3 Pay Structure and Section 10, Pay Multiples).

10.12 The Council complies with the requirement to explain the severance payment(s) to Chief Officers as part of a decision to terminate a contract for any reason. These same policies apply to all employees; including Chief Officers (see section 8 Redundancy, Severance and Termination Payments).

- 10.13 The Pay Policy also complies with the requirement to explain the Council's approach towards the reward of employees previously employed by the authority who, on ceasing to be employed, are in receipt of a severance or redundancy payment from that authority. As stated in section 12, the Council has in place a policy not to reemploy former Cheshire East/ Legacy Authority employees who left their employment on grounds of voluntary retirement or severance, in any capacity, except in truly exceptional circumstances, and subject to the agreement of the Head of Human Resources and Organisational Development.
- 10.14 In determining pay and as part of its overall and ongoing monitoring of alignment with external pay markets, both within and outside the sector, the Council will use available benchmark information as appropriate. In addition, upon the annual review of this statement, the Council will also monitor any changes in the relevant 'pay multiples' and benchmark against other comparable Local Authorities.
- 10.15 Staffing Committee are asked to note that the salaries of the Strategic Director Places, Organisational Capacity and Strategic Director People (Children, Families and Adults) are both due to be reviewed following the Senior Management Team restructure in 2011. An additional report will follow shortly with further detail.

10.16 Links with other published data

- 10.17 The Policy confirms the Council's commitment to publishing data on senior salaries in line with the Chartered Institute of Public Finance and Accountancy (CIPFA) requirements (Section 9, Publication and Access to Information, page 12).
- 10.18 The Secretary of State has also published 'The Code of recommended Practice for Local Authorities on Data Transparency' on 29 September 2011. 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.
- 10.19 This recommendation includes publishing data on senior salaries (above £58,200) and organisational charts, which are included in the Pay Policy Statement. However, the Council will seek to develop this further and will consider publishing the job descriptions, responsibilities and the structure of their workforce for its Chief Officers over the coming months.

10.20 Consultation

- 10.21 There is no formal requirement to consult but the policy will be shared with the Trade Unions prior to the Council meeting.

11.0 Access to Information

The background papers relating to this report can be inspected by contacting the report writer:

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Background Papers

Localism Bill – Part 1 Local Government – Chapter 5 Standards

The Code of Recommended Practice for Local Authorities on Data
Transparency