

TITLE OF REPORT: PAY POLICY STATEMENT 2017/18

REPORT OF THE CORPORATE HUMAN RESOURCES MANAGER
EXECUTIVE MEMBER: COUNCILLOR MRS L.A. NEEDHAM

1. SUMMARY

- 1.1 This report sets out a draft Pay Policy Statement 2017/18 (Annex 1) for Council's consideration and approval in accordance with the requirements of Section 38 of the Localism Act 2011 (the Act), associated guidance issued under Section 40 of the Act, the Local Government Transparency Codes 2014 and 2015¹ and any other relevant legislation. The Statement incorporates elements of existing policy and practice and is required to be agreed annually.

2. RECOMMENDATIONS

- 2.1 Council is recommended to endorse the Pay Policy Statement attached at Annex 1.
- 2.2 Council is also recommended to agree to delegate authority for revisions, such as subsequent pay awards agreed nationally and new legislative requirements to the Policy Statement to the Corporate Human Resources Manager, in consultation with the Leader of the Council, as outlined in Paragraph 3.7 of the policy at Annex 1.

3. REASONS FOR RECOMMENDATIONS

- 3.1 To comply with the requirements of Section 38 of the Localism Act 2011, statutory guidance issued under s40 and the Local Government Transparency Codes 2014 and 2015.

4. ALTERNATIVE OPTIONS CONSIDERED

- 4.1 The Pay Policy Statement reflects current adopted policies and associated statutory reporting arrangements. Where these are proposed to be varied or new elements introduced, consideration of any alternative options are contained in the body of this report.

5. CONSULTATION WITH EXTERNAL ORGANISATIONS AND WARD MEMBERS

- 5.1 Initial consultation on the Draft Pay Policy Statement has taken place with the Staff Consultation Forum, Unison and Group Leaders.

6. FORWARD PLAN

- 6.1 This decision has not appeared in the Forward Plan as it is reserved for Full Council under the terms of the Act and as such does not constitute a key decision.

¹ The Local Government Transparency Code 2015 issued February 2015
COUNCIL (11.4.17)

7. BACKGROUND

- 7.1 The Localism Act 2011 requires Council to approve, on an annual basis, a Pay Policy Statement. The suggested contents of the statement are set out in guidance issued under Section 40 of the Act, the Local Government Transparency Codes 2014 and 2015 the Enterprise Act 2016.
- 7.2 Whilst the guidance primarily requires Councils to set out the policy in relation to senior pay, it is important to understand that NHDC's existing Pay Policy adopted in 2004, does not differentiate between senior staff and others. Thus, the existing and draft NHDC Pay Policy Statement goes beyond that which is required to be published in accordance with paragraph 31 of the guidance issued under Section 40 of the Localism Act 2011 <https://www.gov.uk/government/publications/openness-and-accountability-in-local-pay-guidance> References to 'Chief Officers' in this report and in the Statement are to the Chief Executive, Strategic Directors, Heads of Service and Corporate Managers.
- 7.3 Since the adoption of the first Pay Policy Statement in March 2012, supplementary guidance has been issued by the Secretary of State and this is described further in paragraph 8.2. A copy of the supplementary guidance can be viewed here <https://www.gov.uk/government/publications/openness-and-accountability-in-local-pay-supplementary-guidance> A summary of the content of the supplementary guidance is contained at paragraphs 8.4 to 8.12 below. The 2015 Code reiterates points on pay multiples (para 51 & 52 of that Code) set out in 8.16 below.
- 7.4 The Pay Policy Statement, along with other information on senior salaries (already published in accordance with the Accounts & Audit Regulations 2015 and the Local Government Transparency Code 2014), must be published as soon as reasonably practical on the Council's website.
- 7.5 The former Code of Recommended Practice for Local Authorities on Data Transparency has now been replaced with the Local Government Transparency Codes 2014 and 2015. The relevant requirements of the Codes have been detailed in the Pay Policy Statement at paragraphs 5.1 and 5.2.
- 7.6 The Small Business, Enterprise and Employment Act 2015 and the Enterprise Act 2016 also contain regulations as set out in paragraph 3.13 to 3.15 of the Pay Policy Statement.

8. ISSUES

Pay Policy Statement 2017/18

- 8.1 The draft Pay Policy Statement 2017/18 is attached as Annex 1. This details:
- Background
 - Grading Arrangements
 - Future Appointments
 - Pay Multiples
 - Car Allowances
 - Other Payments
 - Pension Contributions
 - Publication Requirements

8.2 The Local Government Transparency Codes 2014 and 2015 require publication of the pay multiple between the highest earning and the median earnings of the whole of the workforce amongst other things and these are detailed in paragraph 8.12 – 8.17 below. The Council has however included this information in all of the previous Pay Policy Statements in the interests of transparency.

8.3 The main changes from the 2016/17 Pay Policy Statement are:

- Reference to the Local Government Transparency Codes and other subsequent legislation (Annex 1, paragraph 1.1)
- The pay awards implemented since publication of the 2016/17 Pay Policy Statement (Annex 1, Para 3.8), and resulting adjustments to 2017/18 salary levels elsewhere in the statement
- The highest earnings as a multiple of the median of the whole of the workforce has been recalculated to take into account the pay award (Annex 1, paragraph 5.1 – 5.2)
- The changes arising from the Enterprise Act 2016, in particular the Public Sector Exit Payment Regulations 2016 and Recovery Regulations that were expected to come into force in October 2016 but have been subject to timetable slippage. (Annex 1, Para 3.13),
- The National Living Wage (Annex 1 – paragraph 3.2 and 3.9)
- Change to the Employers Pension Contribution rate (Annex 1, paragraph 8.2 and changes to the salary bands for employee contribution rates, table at 8.3)

9. LEGAL IMPLICATIONS

9.1 Under section 38 of the Localism Act 2011, the Council must prepare a Pay Policy Statement for each financial year, and policies for the financial year relating to the remuneration of its chief officers and its lowest-paid employees and the relationship between the remuneration of its chief officers and its employees who are not chief officers.

9.2 The Council must have regard to any guidance issued or approved by the Secretary of State under Section 40 of the Act.

9.3 Under section 39 of the Localism Act, the Council's Pay Policy Statement must be approved by resolution of the authority, before it comes into force.

9.4 Paragraph 8.10 above details potential for a claim for breach of contract or unfair dismissal if the Council chooses not to comply with statutory or contractual terms when determining severance packages.

10. FINANCIAL IMPLICATIONS

10.1 There are no direct financial implications arising from this report.

11. RISK IMPLICATIONS

11.1 There are no direct risk implications arising from this report other than those referred to paragraph 8.10 and 9.3.

12. EQUALITIES IMPLICATIONS

- 12.1 The Equality Act 2010 came into force on the 1st October 2010, a major piece of legislation. The Act also created a new Public Sector Equality Duty, which came into force on the 5th April 2011. There is a General duty, described in 12.2, that public bodies must meet, underpinned by more specific duties which are designed to help meet them.
- 12.2 In line with the Public Sector Equality Duty, public bodies must, in the exercise of its functions, give due regard to the need to eliminate discrimination, harassment, victimisation, to advance equality of opportunity and foster good relations between those who share a protected characteristic and those who do not.
- 12.3 The Pay Policy Statement reflects the practical arrangements that are in place to ensure all employees are remunerated in accordance with the requirements of the Equality Act and Public Sector Equality Duty and, in particular, through the application of a universal grading, flexible retirement scheme, and salary structure for all staff. The pay policy ensures consistency in regard to pay and remuneration in regard to individual roles, and therefore with no direct adverse impact on any single group with protected characteristics.

13. SOCIAL VALUE IMPLICATIONS

- 13.1 As the recommendations made in this report do not constitute a public service contract, the measurement of 'social value' as required by the Public Services (Social Value) Act 2012 need not be applied, although equalities implications and opportunities are identified in the relevant section at Paragraph 12.

14. HUMAN RESOURCE IMPLICATIONS

- 14.1 The Pay Statement meets the requirements of the Localism Act 2011. In addition to this the Council maintains a transparent Rates of Pay Policy covering the pay and benefit rates for all employees of the Council.

15. APPENDICES

- 15.1 Annex 1 - North Herts District Council Draft Pay Policy Statement 2016/17.

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17. BACKGROUND PAPERS

- 17.1 These are referred to in the body of the report and the Draft Pay Policy Statement 2016/17.
- 17.2 Guidance issued by the Secretary of State under S.40 of the Localism Act (February 2012).
- 17.3 Supplementary Guidance issued by the Secretary of State under S.40 of the Localism Act (February 2013).
- 17.4 Local Government Transparency Codes 2014 & 2015.
- 17.5 The Enterprise Act 2016.
- 17.6 The Use of severance agreements and “off payroll” arrangements - Guidance for local authorities March 2015.
- 17.7 The Small Business, Enterprise and Employment Act 2015.