
REPORT TO:	COUNCIL	AGENDA ITEM: 14
DATE OF MEETING:	28th MARCH 2013	CATEGORY:
REPORT FROM:	CHIEF EXECUTIVE	OPEN
MEMBERS' CONTACT POINT:	Frank McArdle frank.mcardle@south-derbys.gov.uk	DOC: u/ks/live files/OD reports/pay policy
SUBJECT:	LOCALISM ACT 2011 - PAY POLICY STATEMENT	REF:
WARD(S) AFFECTED:	ALL	

1.0 Recommendations

1.1 The Council is asked to approve, for publication, the Pay Policy Statement for the financial year 2013/14.

2.0 Purpose of Report

2.1 The Localism Act 2011 (the Act) required all local authorities, from 2012 onwards, to publish annually a Pay Policy Statement. The purpose of this report is to seek the Council's approval for the Council's Statement for the year 2013/14. This will then be published on the Council's website in accordance with the Act.

3.0 Detail

3.1 The Localism Act 2011 requires local authorities to produce an annual Pay Policy Statement. The first Statement for the Council was published for the financial year 2012/13. The principle behind this requirement is to ensure transparency with regard to the pay of senior employees. The Act adds to the obligations already placed on local authorities to publish information in the interest of transparency e.g. the requirement to publish historic expenditure on chief officers within the Council's accounts.

3.2 The process with regard to producing a Statement is that it:

- Must be formally approved by the Full Council.
- Must be approved by the end of March each year.
- Can be amended during a financial year. The amended Statement has to be then approved by the Council.
- Must be published on the Council's website (and in any other way that the Council chooses). Amended Statements must also be published as soon as practicable.
- Must be complied with when the Council sets the terms and conditions for a chief officer.

- 3.3 The matters that must be included in the Statement are a local authority's policy on:
- The level and elements of remuneration for each chief officer.
 - The remuneration of its lowest paid employees (together with its definition of "lowest-paid" and its reasons for adopting that definition).
 - The relationship between the remuneration of its chief officers and other officers.
 - Other specific aspects of chief officers' remuneration i.e. remuneration on recruitment, increases and additions to remuneration, the use of performance related pay and bonuses, termination payments and transparency.
- 3.4 The term chief officer includes both statutory and non-statutory chief officers. These are defined as:
- The Head of Paid Service (who is also the Chief Executive).
 - The Monitoring Officer.
 - Chief Officers (or Directors) and the Deputy Chief Officers (i.e. managers who report directly to a Chief Officer).
- 3.5 In addition to the provisions of the Act the proposed Statement also takes account of relevant guidance. This has advised, in the interests of clarity and transparency, that authorities use the opportunity to set out their overall rewards strategy for the whole workforce and not limit themselves to the specific requirements of the Act. The proposed Statement follows this advice.

Changes from 2012/13

- 3.6 The proposed statement for 2013/14 is largely unchanged from 2012/13. The main amendment is in Section 6, i.e. pay relationships and pay multiples. These have been based on the median (mid-point) salary level rather than the mean (or average) salary used in 2012/13; this is in accordance with Government guidance.
- 3.7 This makes a meaningful comparison between years more difficult. Although this does not affect the relationship between the highest and lowest salary scales which remains unchanged at 1:7.5 for 2013/14, it affects the relationship to the highest pay scale.
- 3.8 For 2012/13, the mean salary was £23,518 which gave a ratio to the highest pay scale of 1:4.7. The median salary for 2013/14 is £19,125, providing a ratio of 1:5.8.
- 3.9 Other inconsequential changes have been made; firstly, to make it clear that the abatement rule regarding pensions (where a former employee drawing benefits from the LGPS is re-employed) applies to all employees and not just senior officers – this is in accordance with national pension regulations (section 4.19).
- 3.10 Secondly, in accordance with Council procedures, any costs associated with termination of employment must attain prior approval of the Finance and Management Committee (Appendix C).

4.0 Financial Implications

4.1 There are no financial implications arising from this report.

5.0 Corporate Implications

5.1 The proposed Pay Policy Statement will help ensure that the Council meets its obligations under the Localism Act 2011. It will also help the Council to monitor its current pay policies.

6.0 Community Implications

6.1 The Pay Policy Statement will help to ensure that the Council's approach to pay is accessible for all and to enable local people to take an informed view of whether local decisions on all aspects of remuneration are fair and make the best use of public funds.

7.0 Conclusions

7.1 The Localism Act 2011 requires the Council to have and publish annually a Pay Policy Statement.

7.2 The Council is therefore asked to approve the Statement, which will then be published in accordance with the Act on the Council's website.

8.0 Background Papers

8.1 Localism Act 2011