



NORTHAMPTON
BOROUGH COUNCIL

COUNCIL

10 March 2014

Agenda Status: PUBLIC

**Directorate: Borough Secretary and
Monitoring Officer**

Report Title	Northampton Borough Council's Pay Policy Statement 2014/15
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1. Purpose

1.1 The Localism Act 2011 requires every local authority to publish a Pay Policy Statement annually. This report includes details of the information, which must be included in the statement and provides a Pay Policy Statement for approval for the year 2014/15.

2. Recommendations

Council is recommended to:

2.1 approve the Pay Policy Statement for the financial year 2014/15 attached at Appendix 1.

3. Issues and Choices

Report Background

3.1 The Localism Act 2011 introduced a requirement for every local authority, to prepare and publish an annual Pay Policy Statement setting out the authority's policy for the financial year relating to the remuneration of its lowest paid employees and the relationship between the pay of Chief Officers and other employees.

3.2 This provision has been introduced in order to:

- a) Increase the accountability, transparency and fairness of setting local pay.
- b) To give local people access to information to allow them to determine whether pay is appropriate.
- c) To ensure that the pay of senior staff is fair in the context of the pay of the rest of the workforce.

- 3.3 The Localism Act 2011 requires the Pay Policy Statement to include the Council's policies relating to:
- a) The level and elements of remuneration for each Chief Officer, (including salary, bonuses and benefits in kind).
 - b) The remuneration of the Council's lowest-paid employees.
 - c) The relationship between the remuneration of Chief Officers and remuneration of employees who are not Chief Officers.
 - d) Remuneration of Chief Officers on recruitment.
 - e) Increases and additions to remuneration for each Chief Officer.
 - f) The use of performance related pay for Chief Officers.
 - g) The use of bonuses for Chief Officers.
 - h) The approach to the payment of Chief Officers on their ceasing to be employed by the authority.
 - i) The publication of and access to information relating to remuneration of Chief Officers.
- 3.4 The Council is required to have regard to any guidance issued or approved by the Secretary of State when preparing its Pay Policy Statement. In this regard, the Department for Communities and Local Government (DCLG) issued a guidance document under the Localism Act 2011 in February 2012 entitled, "*Openness and accountability in local pay*". DCLG also issued Supplementary Guidance in February 2013.
- 3.4 Elected Members are now required to take a greater role in determining pay, ensuring that these decisions are taken by those who are directly accountable to local people.
- 3.5 The Pay Policy Statement specifically requires Full Council approval of salary packages of £100,000 or more for new appointments. This reflects the recommendation made by DCLG in their February 2012 Guidance
- 3.6 Amongst other points, the DCLG Supplementary Guidance recommended that Full Council should have the opportunity to vote before large severance packages are approved for staff leaving the organisation. The Supplementary Guidance recommended that the threshold should be set at £100,000. This year, the Pay Policy Statement therefore now includes express reference to the requirement for Full Council to approve any severance packages of £100,000 or more. In this context, severance packages can include salary paid in lieu, redundancy compensation, pension entitlement, holiday pay and any bonuses, fees or allowances paid.
- 3.7 One of the aspects the Pay Policy Statement must cover is the relationship between the remuneration of Chief Officers and remuneration of employees who are not Chief Officers. The Pay Policy Statement therefore includes details of the ratio of the Chief Executive's remuneration when compared with the remuneration of the Council's median earner and the Council's mean earner. The Pay Policy Statement now sets out that while the Council does not have a policy of maintaining or reaching a specific pay multiple target, it will monitor the multipliers each year to monitor trends and ensure that the pay multiple does not widen.

- 3.8 Members are asked to note that the Pay Policy Statement has been updated to include further information about the Council's policies upon the termination of employment of any of its employees.
- 3.9 The Council must have the Pay Policy Statement for 2014 in place by 31 March 2014. It must be approved by full Council. The DCLG Guidance makes it clear that the Secretary of State does not consider that any of the grounds for exclusion of the public would be met when Members are considering the Pay Policy Statement.
- 3.10 Once approved, the Pay Policy Statement must be published in such a manner as the Council thinks fit, which must include publication on the Council's website. Each subsequent statement must be prepared and approved before 31 March immediately preceding the financial year to which it relates.

4. Implications (including financial implications)

4.1 Policy

The report continues existing policy.

4.2 Resources and Risk

The Pay Policy Statement must be prepared for the financial year 2014 – 2015 and each subsequent financial year. Once in place it will provide the public with a clear rationale to explain the Council's approach to pay.

4.2 Legal

The requirements under the Localism Act 2011 to produce and publish the Pay Policy statement supplement all the existing duties and responsibilities of the Council as an employer, particularly its responsibilities under the Equality Act 2010 to avoid discrimination and provide equal pay. Since the Statement contains policies concerned with remuneration rather than information relating to individuals, the provisions of the Data Protection Act do not apply. Where the salary of senior post holders is published, outside the Pay Policy Statement, it is done so in order to comply with the Code of Recommended Practice for Local Authorities on Data Transparency.

4.3 Other Implications

The Pay Policy Statement will assist the Council to monitor remuneration across the service and provide a fair system of remuneration, which avoids discrimination.

4.4 Equality

No direct impact on equality context as this a statement of existing policy.

4.5 Policy

The report continues existing policy.

5. Background Papers

- *Openness and accountability in local pay: Guidance under section 40 of the Localism Act 2011*, Department for Communities and Local Government, February 2012
- *Openness and accountability in local pay: Guidance under section 40 of the Localism Act 2011, Supplementary Guidance*, Department for Communities and Local Government, February 2013

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