



**Report To:** Employment Committee

26 January 2017

**Lead Officer:** Head of People and Organisational Development

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## **PAY POLICY STATEMENT**

### **Purpose**

1. This report appraises Members of the Employment Committee of the requirements of the Localism Act in relation to a pay policy statement.

### **Recommendations**

- a) That the Employment Committee recommend the approval of the Pay Policy Statement to Full Council;
- b) Note the 2017 pay claim from Unison

### **Reasons for Recommendations**

2. In January 2016, the Council approved the Pay Policy Statement for the authority. This policy has been reviewed and updated with 2017 pay and organisational structures and job titles.
3. This report sets out the requirements of the Localism Act 2011 sections 38 to 40, in relation to the development of a Pay Policy Statement for South Cambridgeshire District Council. It appraises Members of the definitions and principles, such as transparency and affordability.

### **Background**

4. The 2011 Hutton Review of Fair Pay recommended a requirement to openly compare the policies on remuneration for chief officers, and details of how decisions are made about the salaries of the highest paid officers and how that relates to the lowest paid.
5. The Localism Act 2011 requires English local authorities to produce a statutory Pay Policy Statement for each financial year. The pay policy statement must be approved by a resolution of Full Council and must include pay and other remuneration for chief officers and other employees, including the lowest paid.
6. The DCLG statutory guidance on the Localism Act refers to "Openness and accountability in local pay" and covers such matters as pay fairness in the public sector by increasing transparency over pay and tackling disparities between the lowest and the highest paid in public sector organisations.

7. Remuneration is defined widely, to include pay, charges, fees (such as returning officer fees), allowances, and benefits in kind, pension, termination payments, performance bonus and severance payments. The statement should also refer to the authority's approach to the re-employment of officers and, in particular senior officers who have returned to a local authority into a similar senior officer role.
8. The Council's strategy must be one of balancing between securing and retaining high-quality employees whilst maintaining pay equality and avoiding excessive pay rates. In developing the policy the authority must be satisfied that its policy is workable, affordable and reasonable and, that it will instil public confidence.
9. In November 2015 the Government indicated its intention to go ahead with proposals to introduce a cap on exit payments for employees in the public sector. This has been included within the Enterprise Bill 2015. Regulations have been drafted and subjected to consultation during 2016. Current plans are for final approval in early 2017.
10. The Enterprise Bill states Government's intention that there will be:
  - A maximum tariff for calculating exit payments
  - A ceiling of 15 months on the maximum number of months' salary that can be paid as a redundancy payment.
  - A maximum salary on which exit payments can be based (£80,000)
  - A taper on the amount of lump sum compensation.
  - Limit or end employer funded early access to pension.
  - Exit payments in the public sector will be capped at a maximum of £95,000 including any pension strain costs
  - The cap will include all payments in relation to all exits from relevant employments that occur within 28 day period
  - The cap will include a wide range of payments including pension strain costs
  - There will be a limited number of exempt payments (e.g. death or injury)
  - There will be power for full council to waive the cap subject to Treasury directions.
11. Relevant council employment and pension policies will be revised once the full details and implications are known in relation to the regulations concerning termination arrangements and exit payments.

### **Considerations**

12. The Council has made provision in the medium term financial strategy (MTFS) for a 1% pay increase for 2017/2018 financial year. South Cambridgeshire District Council agrees annual pay awards through local negotiation with the recognised trade unions (GMB and Unison).
13. The Unison local branch has submitted a pay claim for 2017, see Appendix 2. The claim sets out a number of arguments for an increase in pay for employees including the rising cost of living in the South East, the impact of recent pay freezes and pay caps in the public sector and recruitment and retention pressures. The trade union has also made reference to the National Living Wage and Living Wage Foundation rate. The trade union has requested a pay increase of 5%, across all spinal points which would increase the Council's pay bill by £750K in the first year.
14. The Finance and Staffing Portfolio Holder will give consideration to the pay claim once Council has approved the budget for 2017/2018.



## **Implications**

### ***Financial***

15. Salaries referred to in the Pay Policy Statement are within current budgets.
16. An increase of 5% on current pay points would result in further savings of £750K needing to be found for 2017/2018. A proposal to increase the Council's pay bill by more than the amount in the MTF5 would need Full Council approval.

### ***Legal***

17. The Localism Act 2011 requires the Council to have a Pay Policy Statement.

### ***Staffing***

18. Pay and benefits for Council employees remains a key element in terms of attracting and retaining talent and therefore delivering first class services. The Council's pay and reward strategy has been developed to ensure that employee pay is based on a fair and transparent evaluation process.

### ***Equality and Diversity***

19. The Council's pay grades and evaluation method meets the requirements of the current Equalities Act.

## **Consultations (including from the Youth Council)**

20. Trade Unions were fully involved in the Job Evaluation project and, as such, were consulted throughout the process of achieving the Single Status Agreement and pay and grading structures. Employees were consulted and balloted on the Single Status Agreement, which details the Council's approach to pay and benefits.
21. Unison has submitted a pay claim for 2017, this is attached at Appendix 2

## **Background Papers**

19. The following background papers were used in the preparation of this report:
  - Local Government Association and ALACE guidance dated November 2011  
DCLG Code of recommended practice for Local Authorities on transparency  
September 2011
  - [www.gov.uk/government/consultations](http://www.gov.uk/government/consultations)

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