

MAIDSTONE BOROUGH COUNCIL

MEMBER AND EMPLOYMENT AND DEVELOPMENT PANEL

23RD JANUARY 2012

REPORT OF THE CHIEF EXECUTIVE

Report prepared by Dena Smart, Head of HR Shared Service

1. Pay Policy Statement

1.1 Issue for Decision

1.1.1 A Pay Policy Statement must be agreed by full Council for publication by 31st March 2012. The Pay Policy Statement should set out the main aspects of the remuneration strategy of the council.

1.2 Recommendation of Head of Human Resources

1.2.1 That the Council be recommended to agree the proposed Pay Policy Statement set out at appendix 1 to this report prior to publication on the council's web site.

1.3 Reasons for Recommendations

1.3.1 Section 38 (1) of the Localism Act 2011 came into force on 15 January 2012 and requires English and Welsh local authorities to produce a pay policy statement for 2012/13 and for each financial year after that. The Bill as initially drafted referred solely to chief officers (a term which includes both statutory and non-statutory chief officers, and their deputies); but amendments reflecting concerns over low pay and also drawing on Will Hutton's 2011 Review of Fair Pay in the Public Sector introduced requirements to compare the policies on remunerating chief officers and other employees, and to set out policy on the lowest paid.

1.3.2 The matters that must be included in the statutory pay policy statement are as follows:

- a local authority's policy on the level and elements of remuneration for each chief officer
- a local authority's policy on the remuneration of its lowest-paid employees (together with its definition of "lowest-paid employees" and its reasons for adopting that definition)
- a local authority's policy on the relationship between the remuneration of its chief officers and other officers
- a local authority's policy on other specific aspects of chief officers' remuneration: remuneration on recruitment, increases and additions to remuneration, use of

performance-related pay and bonuses, termination payments, and transparency.

The reference to 'chief officer' refers to the statutory posts of Head of Paid Service, Monitoring Officer and Section 151 Officer plus any Deputy Chief Officers, which in our organisation includes anyone at Head of Service or above.

- 1.3.3 With regard to the process for approval, the pay policy statement:
- Must be approved formally by the council meeting
 - Must be approved by the end of March each year starting with 2012
 - Can be amended in year
 - Must be published on the authority's website
 - Must be complied with when the authority sets the terms and conditions for a chief officer
- 1.3.4 In creating the pay policy statement we must have due regard for guidance issued by the Secretary of State but at this current point none has been issued. The Local Government Association has issued guidance produced by the Joint National Councils (JNC) for Chief Officers and the attached draft has adopted these recommendations.
- 1.3.5 The Act specifically mentions that the pay policy statement may set out the authority's policies relating to other terms and conditions for chief officers and in the interest of open government there are recommendations that the pay policy statement sets out as much information relating to employee terms and conditions as is practical.
- 1.3.6 Terms and conditions of employment for employees is a non-executive function and the Member and Employment and Development Panel has delegated responsibility for this within the constitution. During the previous five years there has been considerable change to the terms and conditions for employees at the council and these changes have been introduced in accordance with recommended best practice. The changes have been introduced through consultation with staff and trade unions and have been approved by the Member and Employment and Development Panel. Although there is no template for the Pay Policy it has been recommended that it sets out as many of the relevant policies as possible so that they are transparent and in one place. The attached document refers to the policies currently in place.
- 1.3.7 The Member and Employment and Development Panel have agreed several terms and conditions that are current practice. The current terms do not need to be changed but set out so that they are open and transparent. The current terms and the dates they were agreed are set out below:
- June 2004 – Feb 2005

HAY report agreed on the approach to senior management pay scales and the link to upper quartile market rates, all senior roles were re-graded by HAY in June 2004 and the relativities agreed by Employment and Development Panel in early 2005.

- 5th April 2006
Change to the main pay scale for all employees, agreement on the principles of the reward strategy, market supplement policy, pay protection policy, total reward strategy.
- 20th June 2007
The Employment and Development Panel agreed the Strategic Level Competencies that would be applied to the senior managers – Heads of Service and above – at their appraisal and mid year reviews.
- 4th February 2008
Senior pay scales amended to move closer to the upper quartile and to establish additional increments for the Assistant Directors on the Head of Service 1 grade. The Panel agreed the details of the Total Reward Package e.g. cash and non-cash awards, buying and selling annual leave.
- 21st July 2010
Chief Executive Appraisal process and timetable agreed.
- 22nd November 2010
Movement away from NJC mileage allowance and the removal of the option for lease cars. The higher lease car supplement level for senior officers was removed in this review of terms and conditions.

1.3.8 The general approach of the Member and Employment and Development Panel has been to take the same approach to senior members of staff as that taken with all other employees in relation to the benefits available and the review processes followed. The council has a thorough approach that applies best practice in the areas of remuneration and equal pay.

1.4 Alternative Action and why not Recommended

1.4.1 The Council could choose to publicise a reduced version of the Pay Policy Statement that meets the minimum requirements of the Act but this is not recommended as it does not satisfy the need for transparency and means that the data is not seen in the context of the good work already undertaken by the council.

1.5 Impact on Corporate Objectives

1.5.1 This supports the People Strategy and and the corporate objective Corporate and Customer Excellence.

1.6 Risk Management

1.6.1 The purpose of the report is not to change existing policy but to set out clearly the councils current position on pay, on this basis there are no risks associated with agreeing the Pay Policy Statement. There are risks associated with not publishing a Pay Polciy Statement as the council would be in breach of the Localism Act 2011.

1.7 Other Implications

1.7.1

1. Financial	
2. Staffing	X
3. Legal	X
4. Equality Impact Needs Assessment	
5. Environmental/Sustainable Development	
6. Community Safety	
7. Human Rights Act	
8. Procurement	
9. Asset Management	

The implications are set out in the report.

1.8 Relevant Documents

1.8.1 Appendices

Appendix I – Pay Policy Statement

1.8.2 Background Documents

None