

Report To: Full Council
Date of Meeting: 10th April, 2018
Lead Member / Officer: Cllr Julian Thompson-Hill
Report Author: Sophie Vaughan
Title: Annual Pay Policy Review

1. What is the report about?

The Localism Act 2011 requires local authorities to prepare pay policy statements. These statements must articulate an authority's own policies towards a range of issues relating to the pay of its workforce particularly its senior staff (or "chief officers") and its lowest paid employees. Pay Policy Statements must be approved by the Council on an annual basis, and published on the relevant website.

2. What is the reason for making this report?

To seek approval of the Remuneration Panel of the attached Pay Policy Statement which has been drafted in accordance with the requirements of 38 (1) of the Localism Act 2011 and incorporates all existing pay arrangements for the workforce groups within the Council, including Chief Officers and the lowest paid employees.

3. What are the Recommendations?

- a. That Full Council agree the changes to the Pay Policy for 2018/19 (copy in Appendix A)

4. Report details

Under Section 112 of the Local Government Act 1972 the Council has 'the power to appoint officers on such reasonable terms and conditions as the Council thinks fit'. This Pay Policy statement sets out the Council's approach to pay in accordance with the requirements of s38 (1) of the Localism Act 2011 which requires English and Welsh Local Authorities to produce and publish a Pay Policy Statement each financial year, detailing:

- a) The Council's Policies towards all aspects and elements of the remuneration of Chief Officers
- b) Their approach to the publication of and access to information relating to all aspects of the remuneration of Chief Officers
- c) The Council's Policies towards the remuneration of its lowest paid employees (including the definition adopted and reasons for it)

- d) The relationship between the remuneration of its Chief Officers and other employees.

The Pay Policy has been reviewed for 2018/19 and the following amendments made:

National Pay Awards

The Pay Policy has been updated with the current situation with regards to the national pay awards which are yet to be agreed for 2018/19.

Chief Officer and Chief Executive Pay Award

The Pay Policy has been updated with the current position with regards to the national position of the pay awards for Chief Officers and Chief Executives, which are yet to be agreed for 2018/19.

Payments on Termination

Central UK Government are introducing a cap at £95,000 on public sector exit payment, but there hasn't been any progress with this, and it still hasn't been introduced. At this time it is unclear how this may operate in Wales, although early indications are that it may not be applied in its current form to the devolved Welsh Public Sector. As and when we receive clarification, all policies on severance payments in Denbighshire County Council will be reviewed as appropriate in due course to accommodate any relevant changes in legislation. Reference to the cap has been made in paragraph 5.7.4 in the Pay Policy for 2018/19 and will be updated as and when more information is received.

Recovery of Exit Payments following Re-employment

Central UK Government are introducing legislation to enable recovery of public sector exit payments, but there hasn't been any progress with this, and it still hasn't been introduced. This will apply to employees returning to the public sector or sub sector within 12 months of leaving, who earn over £80,000 per annum. At this time it is unclear how this may operate in Wales, all policies on severance payments in Denbighshire County Council would be reviewed as appropriate in due course to accommodate any relevant changes in legislation.

Reference to the recovery of these payments has been made in paragraph 9.2 in the Pay Policy for 2018/19 and will be updated as and when more information is received.

Removal of Performance Related Pay for the Chief Executive

Following the review of the Chief Executive's pay, the spot salary and performance related pay has been removed and replaced with an incremental scale. The Pay Policy reflects this in paragraph 5.2.2.

Recruitment of Chief Officers

Paragraph 5.5.2 has been amended from Part 4 to include the correct section (Section 11) of the constitution for the Council's policy and procedures with regards to recruiting a Chief Officer.

Pay Relativities within the Council

Paragraph 7.4 has been updated with the most recent comparison of the lowest paid against the Chief Executive's salary.

5. How does the decision contribute to the Corporate Priorities?

Having a fair and transparent pay policy will contribute towards a well-motivated workforce who in turn will contribute towards achieving the corporate priorities.

6. What will it cost and how will it affect other services?

There are no new financial implications arising from this Pay Policy.

7. What are the main conclusions of the Wellbeing Impact Assessment undertaken on the decision? The completed Wellbeing Impact Assessment template should be attached as an appendix to the report

The Wellbeing Impact Assessments for the Pay Policy are attached. There are no issues arising out of either assessment.

8. What consultations have been carried out with Scrutiny and others?

Consultation with the Head of Legal, HR and Democratic Services, the Section 151 Officer and CET to ensure all requirements of s38 (1) of the Localism Act are incorporated.

9. Chief Finance Officer Statement

The financial impact of changes to the pay policy, such as pay awards, are factored into the Medium Term Financial Plan and inflationary budget contributions are agreed as part of the annual budget process. Heads of Service are responsible for ensuring that the cost of their staffing structure is maintained within their overall budget allocation.

10. What risks are there and is there anything we can do to reduce them?

The Council will be in breach of its legal obligations in respect of the Localism Act if it fails to adopt the Pay Policy.

11. Power to make the Decision

S38 (1) of the Localism Act 2011 and section 112 of the Local Government Act 1972 covering the power to appoint officers.

Paragraph 6 of Part 2 of Schedule 3 to the Local Government (Standing Orders)(Wales) Regulations 2006 as amended, requires that the decision to determine the level of remuneration, or any change to the level of remuneration, of a Chief officer must be made by Full Council.