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| <b>DECISION-MAKER:</b>              | COUNCIL                                   |
| <b>SUBJECT:</b>                     | LOCALISM ACT 2011 - PAY POLICY            |
| <b>DATE OF DECISION:</b>            | 14 MARCH 2012                             |
| <b>REPORT OF:</b>                   | HEAD OF LEGAL, HR AND DEMOCRATIC SERVICES |
| <b>STATEMENT OF CONFIDENTIALITY</b> |   |
| None                                |   |

### **BRIEF SUMMARY**

The Council is required under the Localism Act 2011 to prepare and publish a pay policy statement for the financial year 2012/13 and then for each subsequent financial year.

This report explains the parameters of the pay policy statement and the first statement is provided at appendix 1.

### **RECOMMENDATIONS:**

- (i) That Council considers and approves the Pay Policy Statement, attached as appendix 1.
- (ii) Delegate authority to the Head of Legal, HR and Democratic Services following consultation with the Cabinet Member for Resources, Leisure and Culture, to make any minor revisions deemed necessary to the Pay Policy should further Guidance be received.

### **REASONS FOR REPORT RECOMMENDATIONS**

1. Under the Localism Act 2011 only full Council is authorised to approve the draft policy annually.

### **DETAIL (Including consultation carried out)**

2. Chapter 8 of the Localism Act 2011 deals with openness and accountability in local pay and requires that local authorities prepare a pay policy statement for each financial year. Government guidance has been published in tranches, most recently on 17<sup>th</sup> February 2012. This has been supplemented by advice from the LGA most recently received on 1<sup>st</sup> March 2012, which sets out the key policy principles that underpin the pay accountability provisions in the Act. The recognised trade unions have been consulted. The Government recognises that in light of the timing for the first policy document some flexibility on interpretation and content may well be necessary in respect of certain aspects of the Pay Policy and that some matters will need to be revised either in year or when the next annual review by Council falls.
3. The statement must include details of a range of issues relating to the pay of its workforce but does not apply to local authority schools.

### **PAY POLICY STATEMENT REQUIREMENTS**

4. Section 38 of the Localism Act 2011 provides clear requirements on the content of the pay policy statements. These include the setting out of the Council's policies relating to the remuneration of its chief officers; the

remuneration of its lowest-paid employees and the relationship between the remunerations of chief officers and non chief officers.

5. The pay policy statement must provide a definition of what is its "lowest-paid employees" along with the reasons for that definition.
6. The pay policy statement must also include the Council's policies relating to:
  - a. Responsibility for decisions on pay structures,
  - b. Pay scales and grading framework,
  - c. Remuneration level including bonuses, performance related pay, charges, fees and allowances,
  - d. Benefits in kind,
  - e. Pension,
  - f. Severance payments,
  - g. Remuneration of chief officers on recruitment.

#### ELECTION FEES

7. In accordance with the Representation of the People's Act 1983, the cost of local (City Council) elections are met from the local authority's budgets. The Council is required to appoint a Returning Officer to conduct these elections on their behalf and the Returning Officer is personally (not corporately) responsible for the management of elections. The Returning Officer for local elections in Southampton is the Director of Corporate Services. In order to run a local election, the Returning Officer needs to incur costs and employ employees with different levels of responsibility. It is important that this is done fairly and transparently. In order to achieve this, the local authorities across Hampshire have agreed that a working group (The Hampshire and Isle of Wight Election Fees Working Party) set a scale of fees and charges that cover matters such as the fee for the Returning Officer for local elections. This scale is used by all the authorities in Hampshire and the Isle of Wight, and ensures that there is a consistent approach for everyone.
8. These arrangements are reflected in the pay policy.

#### TAX AVOIDANCE

9. As a result of the recent controversy elsewhere in the public sector, the Government has moved swiftly to add to the statutory guidance a call for local authorities to include in the pay policy statement a local policy on using payment arrangements that "could be perceived as seeking to minimise tax payments". This is short-hand for arrangements under which people who are to all intents and purposes employees are paid through a personal service company, in order to reduce their personal tax and National Insurance liabilities. The statutory guidance calls on local authorities to consider the value for money implications for the public sector as a whole of using such arrangements when developing their pay policies.

#### FUTURE REPORTING ARRANGEMENTS

10. As per the legislation contained within the Localism Act, the Council's pay policy statement must be refreshed and approved for each new financial

year. It is therefore proposed that future Pay Policy Statements will be reported each year to the March meeting of Council unless it requires in year revision.

#### **RISK ASSESSMENT**

11. There are no significant risk considerations in relation to this report.

#### **ALTERNATIVE OPTIONS CONSIDERED AND REJECTED**

12. None, this is a statutory requirement.

#### **RESOURCE IMPLICATIONS**

##### **Capital/Revenue**

13. There are no resource implications in producing the Pay Policy.

##### **Property/Other**

14. None.

#### **LEGAL IMPLICATIONS**

##### **Statutory Power to undertake the proposals in the report:**

15. Section 38 Localism Act 2011.

##### **Other Legal Implications:**

16. None.

#### **POLICY FRAMEWORK IMPLICATIONS**

17. None.

|                |         |                                  |      |               |
|----------------|---------|----------------------------------|------|---------------|
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**SUPPORTING DOCUMENTATION**

**Non-confidential appendices are in the Members' Rooms and can be accessed on-line**

**Appendices**

|    |                       |
|----|-----------------------|
| 1. | Draft Pay Policy 2012 |
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**Documents In Members' Rooms**

|    |       |
|----|-------|
| 1. | None. |
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**Integrated Impact Assessment**

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| Do the implications/subject/recommendations in the report require an Integrated Impact Assessment to be carried out. | No |
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**Other Background Documents**

|                              |  |
|------------------------------|--|
| Title of Background Paper(s) | Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable) |
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| 1. | LGA/ALACE Guidance – November 2011 and March 2012 |  |
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**Integrated Impact Assessment and Other Background documents available for inspection at:**

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| <b>WARDS/COMMUNITIES AFFECTED:</b> | None |
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