

CABINET

20 MARCH 2012

Title: Pay Policy Statement 2012/13	
Report of the Cabinet Member for Customer Services and Human Resources	
Open Report	For referral to Assembly
Wards Affected: None	Key Decision: Yes
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Accountable Divisional Director: Martin Rayson, Divisional Director HR & OD	
Accountable Director: Stella Manzie, Chief Executive	
Summary: Under the terms of the Localism Act 2011 the Council must agree before the start of the new financial year a pay policy statement covering chief officer posts and above. The Act sets out matters which must be covered under the policy. A draft of the Pay Policy Statement is included at Appendix A. The policy must be agreed by Assembly in advance of each financial year and it is therefore planned to take the policy to the meeting on 28 March 2012.	
Recommendation(s) The Cabinet is asked to recommend to Assembly the approval of the Pay Policy Statement for the London Borough of Barking and Dagenham for 2012/13 for publication with effect from 1 April 2012.	
Reason(s) Under the terms of the Localism Act 2011 the Assembly must agree a pay policy statement in advance of the start of each financial year, beginning in 2012/13.	

1. Introduction and Background

- 1.1 Section 38 (1) of the Localism Act 2011 requires English and Welsh local authorities to produce a pay policy statement for 2012/13 and for each financial year thereafter. The Act does not apply to local authority schools.
- 1.2 Guidance from the LGG recommends that local authorities use this opportunity to put in place or refresh their overall reward strategy. This Council is committed to developing a clear reward strategy, as part of its overall People Strategy. However the deadlines for agreeing the pay policy statement (sign-off by full-Assembly

before the end of March 2012) means that the timing is too tight adequately to address all the issues in developing a reward strategy and this will therefore be developed during the course of the 2012/13 year.

1.3 The matters that must be included in the pay policy statement are:

- 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 and why they have been defined as such)
- 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 (severance or compromise agreements) and transparency.
- The publication of and access to information relating to remuneration of chief officers.

1.4 The Act defines remuneration widely, to include not just pay but also charges, fees, allowances, benefits in kind, increases in/enhancements of pension entitlements, and termination payments. The definition of chief officer in the Council's constitution is Chief Executive and Corporate Directors. However when we are discussing pay policy we use the definition to include Divisional Directors as they are covered by NJC terms and conditions, and this is what is intended in this attached report.

1.5 The pay policy statement:

- Must be approved formally by the Assembly
- Must be approved by the end of March each year, starting with 2012
- Can be amended in-year
- Must be published on the Council's website (and in any other way the Council chooses)
- Must be complied with when the Council sets the terms and conditions for a chief officer.

1.6 In the interests of transparency the guidance suggests that the statement includes details of the Council's policies relating to the other terms and conditions for chief officers. In particular, we are encouraged to be explicit about whether the JNC conditions of service for chief executives and chief officers are incorporated in those officers' employment contracts and, if not, what alternative arrangements apply.

1.7 In addition, the guidance recommends that authorities specify any additional arrangements that may not amount to formal terms and conditions, but which relate to a chief officer's employment and which are a charge on the public purse.

2. London Borough of Barking & Dagenham Pay Policy Statement

- 2.1 It is intended to seek agreement to the Council's Pay Policy Statement at Assembly on 28 March 2012. A draft of the Pay Policy Statement for the London Borough of Barking and Dagenham is included at Appendix A.

3. Financial Implications

Implications completed by: Tracie Evans, Corporate Director of Finance and Resources

- 3.1 There are no direct financial implications arising from this report.

4. Legal Implications

Implications completed by: Fiona Taylor, Legal Group Manager

- 4.1 This report outlines our obligations with regards to senior officer pay and in particular in relation to the information to be provided pursuant to section 38 of the Localism Act. Legal comments are included in this report.

5. Other Implications

- 5.1 **Risk Management** – There are no risks attached to this statement as attached as it describes the current position. If there is a requirement to change those policies there would need to be full consultation with employees.
- 5.2 **Contractual Issues** – This statement makes no changes to employees' contractual position.
- 5.3 **Staffing Issues** – The staffing issues are fully explored within the main body of the report.

Background Papers Used in the Preparation of the Report: None

List of appendices:

Appendix A – Pay Policy Statement 2012/13 (draft)