

ASSEMBLY

19 February 2014

Title: Pay Policy Statement 2014/15	
Report of the Cabinet Member for Adult Services and Human Resources	
Open Report	For Decision
Wards Affected: None	Key Decision: Yes
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Accountable Divisional Director: Martin Rayson, Divisional Director Human Resources and Organisational Development	
Accountable Corporate Director: Graham Farrant, 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. The draft Pay Policy Statement for 2014/15 is included at Appendix A . It incorporates changes made in staff structures at a senior level since the last pay policy statement was agreed in 2013. The Cabinet is to consider this report at its meeting on 18 February 2014. Any proposed changes to the Pay Policy Statement arising from the Cabinet's consideration will be reported at the meeting.	
Recommendation(s) The Assembly is recommended to approve the Pay Policy Statement for the London Borough of Barking and Dagenham for 2014/15 as set out at Appendix A, for publication with effect from 1 April 2014 on the Council's website.	
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.	

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 senior staff (chief officers) to be agreed by all Councillors at an Assembly meeting, before the beginning of each financial year.

- 1.2 The Council produced its first pay policy statement for the 2012/13 financial year and this document follows the same format. The definition of “chief officers” covers the Chief Executive, Corporate Directors and Divisional Directors. The matters that must be included in the pay policy statement are the Council’s policy on:
- The level and elements of remuneration for each chief officer.
 - The remuneration of its lowest-paid employees (together with its definition of “lowest-paid employees” and its reasons for adopting that definition).
 - The relationship between the remuneration of its chief officers and other officers.
 - 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.
- 1.3 The Localism 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.

2. Proposal and Issues

2.1 The pay policy statement:

- Must be approved formally by the Council (Assembly) meeting itself
- Must be approved by the end of March each year,
- 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.

2.2 The statement has been updated to take account of changes during the course of the year, notably:

- The formal deletion of the post of Corporate Director, Finance and Resources;
- The creation of the Chief Finance Officer post;
- The secondment of the Corporate Director of Housing and Environment to cover the role of Director of Environment at Thurrock Council;
- The decision to appoint a temporary Director of Growth at LBBD (initially to June 2014), again a shared post with Thurrock Council;
- Amendments made to the Chief Officer salary structure, following discussions with the JNC Salary and Conditions Panel.

2.3 The Chief Executive will continue to review senior management posts as part of the process of agreeing a budget for 2015/16, including opportunities for sharing posts with other Councils.

- 2.4 The policy refers to issues of fairness and it should be noted that the Council continues to pay the highest minimum hourly rate among local authorities in London, of £9.03 per hour.

3. Financial Issues

Implications completed by: Kathy Freeman, Group Manager – Corporate Finance

- 3.1 The cost of the £9.03 per hour minimum rate was built into the Council's financial planning during the 2013/14 budget setting process.
- 3.2 As part of the Council's annual budget setting process, funding is aligned to reflect the HR establishment.
- 3.3 There are no other financial implications arising from this report.

4. Legal Issues

Implications completed by: Fiona Taylor, Head of Legal and Democratic Services

- 4.1 The Pay Policy Statement at Appendix A meets the legislative requirements under Section 38 (Pay Accountability) of the Localism Act 2011.

5. Other Implications

- 5.1 **Risk Management** - There is a Corporate Risk associated with staff morale. Pay is obviously an influence on morale. However this pay policy statement in itself does not change the risk profile of the Council.
- 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 2014/15