

CABINET

13 February 2017

Title: Pay Policy Statement 2017/18	
Report of the Cabinet Member for Finance, Growth and Investment	
Open Report	For Decision
Wards Affected: None	Key Decision: No
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Accountable Director: Fiona Taylor, Director of Law and Governance	
Accountable Strategic Director: Chris Naylor, Chief Executive	
Summary <p>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 the matters which must be covered in the policy.</p> <p>The draft Pay Policy Statement for 2017/18 is attached at Appendix A. It sets out the expected position at 1 April 2017.</p> <p>The report also seeks Cabinet's approval to apply the uplift in the London Living Wage with effect from 31 October 2016, which increased the minimum hourly rate of pay from £9.40 to £9.75 per hour.</p>	
Recommendation(s) <p>The Cabinet is recommended to:</p> <ul style="list-style-type: none">(i) Agree the implementation of the London Living Wage increase from £9.40 to £9.75 per hour with effect from 31 October 2016; and(ii) Recommend the Assembly to approve the Pay Policy Statement for the London Borough of Barking and Dagenham for 2017/18 as set out at Appendix A to the report, for publication on the Council's website with effect from April 2017.	
Reason(s) <p>Under the terms of the Localism Act 2011 the Council must agree a pay policy statement in advance of the start of each financial year.</p>	

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 officers (Chief Officers) to be agreed by all Councillors at an Assembly meeting before the beginning of each financial year. This policy is timetabled to go to the Assembly on 22 February 2017.
- 1.2 The Council produced its first Pay Policy Statement for the 2012/13 financial year in accordance with the Localism Act 2011. The definition of Chief Officer covers the Chief Executive, Chief Operating Officer, Strategic Directors, Commissioning and Operational Directors. The matters that must be included in the pay policy statement are as follows:
- The level and elements of remuneration for each Chief Officer
 - The remuneration of its lowest paid employees (together with its definition of 'lowest paid employee' and the reasons for adopting that definition).
 - The relationship between the remuneration of its Chief Officers and other officers.
 - Other specific aspects of chief officer's remuneration: remuneration on recruitment, increase and additions to remuneration, use of performance related pay and bonuses, termination payments and transparency.
 - The Localism Act defines remuneration widely to include not just pay but also charges, fees, allowances, benefits in kind.
 - enhancements of pension entitlement and termination payments.
- 1.3 The Pay Policy statement:
- Must be approved by the full Council (Assembly).
 - 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. Context of the Pay Policy Statement

- 2.1 The 2016/17 Pay Policy Statement set out the huge challenges and opportunities this borough faces as a result of the on-going squeeze on public finances and the aspirations of this Council in response. Over the last year, two significant pieces of work have been completed: (i) the Growth Commission report and the Council's response to it, and (ii) the A2020 proposals that now move from design to implementation stage over the course of 2017/18.
- 2.2 The JNC Salaries and Conditions Panel agreed in May 2015 to create the current top team structure. This was an interim structure as 2015/16 and 2016/17 were recognised as years of transition and that further developments to the top team structure would be required. In November 2016, the same committee agreed to amend the existing structure at Strategic Director level by creating a Chief Operating Officer role and deleting the posts of Strategic Director, Finance and Investment and Strategic Director, Customer, Commercial and Service Delivery. Such changes are designed to retain strategic capability with a strategic focus on

the operational and financial delivery of the Council's services, whilst also making savings at chief officer level. There will be a further chief officer review in the summer of 2017 designed to focus on the new operating model of the organisation.

- 2.3 This report also updates on the commitment made by the Chief Executive to reduce the costs of the top 5% of management costs by the end of 2016/17 by £1m. Taken alongside decisions taken to date and the outcome of the Council's voluntary severance scheme, the permanent establishment costs for the top 5% of the organisation will be £1.036m lower on 1 April 2017 compared to the baseline position as at May 2015.

3. London Living Wage

- 3.1 The London Living Wage increased from £9.40 to £9.75 with effect from 31 October 2016.
- 3.2 Initial assessments suggest the cost of implementing this increase is circa £40,000 and would be captured within existing budgets.

4. Financial Implications

Implications completed by: Kathy Freeman, Finance Director

- 4.1 There are no additional budget pressures caused by the agreement of the Pay Policy Statement, as this reflects the current position on pay.

5. Legal Implications

Implications completed by: Dr Paul Feild, Senior Governance Lawyer

- 5.1 This report outlines the Council's obligations with regard to senior officer pay and in particular in relation to the information to be provided pursuant to section 38 of the Localism Act.

6. Other Implications

- 6.1 **Risk Management** – There are no risks attached to the statement as it describes the current position.
- 6.2 **Contractual Issues** – The statement makes no changes to employees' contractual position.
- 6.3 **Staffing issues** – The staffing issues are fully explored within the main body of the report.
- 6.4 **Equalities Issues** – The Council's approach to pay is based on the use of established job evaluation processes to determine the salary for individual roles, eliminating the potential for bias in the process.
- 6.5 **Service issues** – The ability to deliver effective services is dependent on having the right staff at different levels. The Council must have an approach to pay that

enables it to recruit and retain the right people and also motivate them to perform.
The Pay Policy seeks to support that aim.

Public Background Papers used in the Preparation of the Report: None

List of Appendices:

- **Appendix A – Pay Policy Statement 2017/18**