

## CABINET

15 February 2016

<b>Title:</b> Pay Policy Statement 2016/17	
<b>Report of the Cabinet Member for Finance and Central Services</b>	
<b>Open Report</b>	<b>For Decision</b>
<b>Wards Affected:</b> None	<b>Key Decision:</b> No
<b>Report Author:</b> Claire Symonds, Strategic Director – Customer, Commercial and Service Delivery	<b>Contact Details:</b> Tel: 020 8227 5513 E-mail: Claire.symonds@lbbd.gov.uk
<b>Accountable Officer:</b> Chris Naylor, Chief Executive	
<b>Summary:</b>  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 2016/17 is included at Appendix A. It sets out the expected position at 1 April 2016.	
<b>Recommendation(s)</b>  The Cabinet is asked to:  (i) Agree the new Local Living Wage rate of £9.40 (up from £9.20) with effect from 1 January 2016 in accordance with paragraph 3.3 in Appendix A to this report; and  (ii) Recommend the Assembly to approve the Pay Policy Statement for the London Borough of Barking and Dagenham for 2016/17 as set out at Appendix A to the report, for publication on the Council's website with effect from 1 April 2016.	
<b>Reason(s)</b>  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. Cabinet is asked to recommend this statement to Assembly on 24 February 2016.	

### 1. Introduction

- 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. This policy is timetabled to go to Assembly on 24<sup>th</sup> February 2016.

- 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 officers” covers the Chief Executive, Strategic and Corporate Directors and Divisional 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 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.
- 1.4 The pay policy statement:
- Must be approved formally 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 for the Pay Policy Statement**

- 2.1 The borough faces enormous challenges and opportunities over the next five years as a consequence of the squeeze on public finances and the aspirations of this Council. The Council needs to change markedly if it is to tackle the challenges and grasp those opportunities. In May 2015, the Chief Executive presented a report to the JNC Salary and Conditions Panel outlining proposals to change the top team structure and introduce a number of new strategic director posts (and a new Divisional Director role focused on change and performance). This was on the basis that there was a need for greater capacity to support the organisation and Members if it was to deliver change at the speed needed.
- 2.2 At the same time the relationship with Thurrock evolved and a number of sharing arrangements have now ceased in recognition of the scale of the challenge facing Barking and Dagenham.
- 2.3 During the course of the last 12 months new appointments have been made and the new management team is in place. To meet agreed savings targets on senior management costs, some posts in the structure have been deleted. The Pay Policy Statement sets out the management structure and details of the Chief Officer posts

within it. This is based on the structure that is expected to be in place at 1<sup>st</sup> April 2016.

2.4 The impact of the new structure and the additional capacity provided has already been felt. Examples of the work that the leadership team has driven forward are as follows:

- The Growth Commission will shortly publish its findings;
- Confirmation of the funding for the London Borough of Barking & Dagenham, Havering and Redbridge pilot, to develop an Accountable Care Organisation;
- Significant progress on the Housing Transformation Programme;
- The development of options for the future of the Council as part of the Ambition 2020 Programme.

2.5 In order to be successful going forward, the Council needs to attract and retain talented people to deliver the innovative solutions needed. There must be a balance between the need to offer a competitive package which is attractive, with the need to control costs. The management structure will come under scrutiny year on year, as the Council needs to adapt and implement its plans for future years.

2.6 It should also be recognised that 2016/17 is going to be one of significant change for the Council requiring transformational leadership at a senior level.

### **3. Local Living Wage**

3.1 The additional costs of the LLW will be £50,600 and captured within budget.

### **4. Financial Issues**

Implications completed by: Kathy Freeman, Divisional Director of Finance

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 Issues**

Implications completed by: Chris Pickering, Senior Employment Lawyer

5.1 This report outlines the Council's 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.

### **6. Other Implications**

6.1 **Risk Management** – There are no risks attached to this statement as it describes the current position.

6.2 **Contractual Issues** – This 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 any 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 to 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 2016/17