
PAY POLICY STATEMENT 2015/2016

Responsible Cabinet Member – Councillor Stephen Harker
Efficiency and Resources Portfolio

Responsible Director – Paul Wildsmith,
Director of Neighbourhood Services & Resources

SUMMARY REPORT

Purpose of the Report

1. To request that members receive and approve the Pay Policy Statement for the financial year 2015/2016 in line with the requirements of the Localism Act 2011 and the recently published Local Government Transparency Code 2014.

Summary

2. The Localism Act 2011 requires the Council to agree a written Pay Policy on an annual basis.
3. The Act requires the Council to publish specific information relating to the Council's highest and lowest paid employees.
4. The proposed Pay Policy for 2015/16 is attached at **Appendix A** and meets the requirements of the Localism Act 2011 and updated guidance.

Recommendation

5. It is recommended that Council agree and approve the proposed Pay Policy 2015/16 (**Appendix A**). If approved, arrangements will be made to publish the Policy on the Council's website for public access.

Reasons

6. The recommendation is supported to enable the Council to comply with the requirements of the Localism Act 2011

Paul Wildsmith
Director of Neighbourhood Services & Resources

Background Papers

- (a) Localism Act 2011
- (b) Openness and accountability in local pay: Guidance under section 40 of the Localism Act 2011 published by the Department for Communities and Local Government: February 2012
- (c) Improving Local Government Transparency Consultation published by the Department for Communities and Local Government: October 2012
- (d) Supplementary guidance to The Localism Act requirements (Openness and accountability in local pay : Guidance under Section 40 of the Localism Act 2011) dated February 2013 issued by Department of Communities and Local Government
- (e) Local Government Transparency Code 2014 dated October 2014 issued by Department of Communities and Local Government.

Elizabeth Davison (extension 2601)

S17 Crime and Disorder	The report does not contain any Crime and Disorder implications
Health and Well Being	This report has no implications for the Council's Health and Well Being agenda
Carbon Impact	There are no carbon impact implications in this report
Diversity	There are no diversity issues
Wards Affected	No wards affected
Groups Affected	No groups affected
Budget and Policy Framework	This does not affect the Budget and Policy Framework
Key Decision	The Pay Policy must be approved by Council
Urgent Decision	The Pay Policy must be approved by Council
One Darlington: Perfectly Placed	This report has no particular implications for the Sustainable Community Strategy
Efficiency	There are no efficiency implications in this report

MAIN REPORT

Information and Analysis

7. Following the implementation of The Localism Act 2011 the Council is required to agree a written Pay Policy on an annual basis.
8. The Pay Policy sets out the specific information on the relationship between the highest and lowest paid employees in the Council and principles associated with the payments and remuneration packages of Chief Officers both during and on termination of employment.
9. Any decisions relating to the pay and remuneration of Chief Officers must comply with the Pay Policy Statement in place at the time for that financial year and whilst the Statement can be amended in year as required, any changes must be subject to the approval of full Council. Failure to do so would be contrary to the Council's Statutory Duty under the Localism Act and could result in legal action being taken against the Council.
10. Supplementary guidance to The Localism Act; Local Government Transparency Code 2014 dated October 2014 issued by Department of Communities and Local Government sets out a number of new requirements for the Pay Policy from February 2015 including revised calculations for the pay multiple and further publication of senior salaries.

Pay Multiple

11. The 2014 Code has revised the calculation for the Pay Multiple; formerly the calculation was based on the median basic hourly rate versus the highest paid hourly rate. From February 2015, the Council is required to publish the pay multiple calculated as the ratio between the highest paid taxable earnings (including base salary, variable pay, bonuses, allowances and cash value of any benefits in kind) and the median earnings figure of the whole workforce.
12. The Council's Pay Multiple based on highest paid taxable earnings and median taxable earnings for the whole authority (excluding casuals) is;

	Highest paid Employee based on taxable earnings	Workforce Median Taxable earnings	Median taxable earnings Pay Multiple
Taxable Earnings Pay Multiple 2015/2016 ¹	£12,600.46	£1751.42	7.19

¹ – Based on figures 31st December 2014 (Decembers Pay Only)

13. Using December 2014 taxable pay figures, the Pay Multiple based on the Median taxable earnings was 7.19 (including one off non-consolidated payment made to NJC employees on 1st December). Last year the Council reported a 7.51 Pay Multiple, however this was based on hourly rate ratio, not taxable earnings and is therefore not a like for like calculation. Future calculations will be based on taxable earnings unless guidance changes.

14. The Council aims to ensure that the pay multiple does not exceed 10 and is well within the target.
15. The 2014 Code stipulates that the Pay Multiple will be calculated each year on a fixed date coinciding with reporting at the end of the financial year. Locally the Pay multiple will be calculated each December for the approval of the Pay Policy by Council to allow publication and approval before 31st March each year. Arrangements will also be made to update the Pay Multiple figure with year-end figures in April, which will be published on the Council's website pages alongside other Transparency Code information requirements.

Senior Salaries

16. The Code has extended the requirements for publishing Senior Officers Salaries. Formerly, the publication of Senior Salaries was for officers earning £58,000 and above, this has now being reduced to £50,000 and above. This reduction now incorporates senior managers on National Joint Council (NJC) Grade T SCP 57 (£51,208). There is also a requirement to publish the services, functions, the budget held and the number of employees senior officers are responsible for. This information will be available on the website with other Transparency requirements.

Other Revisions to the Pay Policy Statement

17. Other revisions to the proposed Pay Policy Statement for 2015/2016, are summarised as follows;
 - (a) Inclusion of Service Directors in list of Chief Officers following the introduction of two posts at this level in September 2014 (Assistant Chief Executive and Service Director – Children's Services) (**Appendix A - paragraph 8**).
 - (b) Reference to non-contractual Local Wage Supplement for employees paid less than SCP 10 (**Appendix A – paragraph 24**).
 - (c) Inclusion of reference to re-appointing former employees who are in receipt of redundancy payment from the Council (**Appendix A – paragraph 32**).

Points to Note

18. The salary scales of Chief Officers referred to in the Pay Policy are correct at the time of writing (February 2015), and includes the 2% agreed pay award for Chief Officers whose earnings are less than £99,999.
19. If adopted, the Pay Policy statement does not pose additional financial or legal implications for the Council