

**REPORT TO THE SCRUTINY PANEL - PEOPLE
MEETING OF 2nd FEBRUARY 2012**

Status: For information and comment
Title: Chief Officer Pay Policy
Originator: Kate Frow, Human Resources Manager
Where from: Scrutiny Panel for People
Where to next: Executive and Council

Objective: The Council is obliged under the Localism Act 2011, to publish and maintain a Chief Officer Pay Policy to be approved by Council for the financial year 2012-2013. This report to scrutiny is to increase awareness of the annual review of Chief Officer Pay Policy and to note the requirement for approval of this by full Council. Comments received on this report will be relayed verbally to the Executive at its meeting on 13th February 2012 due to the timescales applied by the legislation and our democratic process.

1. Outcome sought from Panel

1.1. To be informed of and comment on the Chief Officer Pay Policy.

2 Background

2.1. Section 38 (1) of the Localism Act 2011 requires English and Welsh local authorities to produce a pay policy statement for Chief Officers for 2012/13 and for each financial year thereafter.

2.2 The Policy should be approved formally by Council before the start of the financial year, each year.

3. Key Facts

3.1 The aims of the policy are to create transparency for staff and the public in connection to the pay of the Council's most senior staff. It is also intended to raise the awareness of pay disparity between lower paid members of staff and those at the very top of the organisation.

3.2 It should be noted that Harborough District Council's pay multiple (reference to Will Hutton's final pay review report March 2011) is at an acceptable level of 1:7 currently.

3.3 The policy is essentially a collection of statements reflecting Harborough District Council's practices on pay for Chief Officers.

3.4 The policy meets the legislative requirements and progresses further than these requirements as advised in the guidance forthcoming from various sources including the Local Government Association and East Midlands Councils.

- 3.5 The policy will need to be updated upon implementation of the proposed management structure.
- 3.6 The policy makes reference to the future plans to create a reward strategy for the workforce.
- 3.7 As outlined in the policy, Harborough District Council will need to establish an appropriate method for the annual review of remuneration for Head of Paid Service (Chief Executive) pay. (The Head of Paid Service (Chief Executive) has responsibility for the remuneration of all other employees. The guidance provided on the membership of this committee is outlined in the Joint Negotiating Committee handbook. The guidance makes clear the need to make properly informed decisions ensuring that it has comprehensive relevant and reliable advice and market data available through specialist providers. Some factors to be taken into account include: relationship of current salary data to appropriate illustrative comparative data, comparisons between authorities, substantial local factors not common to authorities of similar type and size.
- 3.8 The options for Council to consider would be:
- a) to establish a separate committee solely for the purpose of reviewing the remuneration for Head of Paid Service (Chief Executive). This committee would still need to forward recommendations to full Council for approval.
 - b) to make use of an existing committee for the purpose of reviewing the remuneration for Head of Paid Service (Chief Executive) (eg Interim Chief Executive Recruitment Committee), amending this committee to reflect the guidance referred to above in paragraph 3.7. Again, this committee would still need to forward recommendations to full Council for approval.
 - c) request that a formal report from a specialist at Hay Group is provided to full Council on an annual basis to review and comment on the remuneration for the Head of Paid Service (Chief Executive). This approach is recommended due to the access to market information that would need to be assessed, the ongoing assessment of the integrity of not only the pay position but also the pay structure and to acknowledge the professional expertise required for such an exercise.

4. Equality Impact Assessment Implications/Outcomes

- 4.1. An equality impact assessment will need to be completed for this policy. It is anticipated that this will be conducted prior to the revision of the policy in connection with the proposed changes to the management structure.

5. Legal Issues

- 5.1. It is a legal requirement of Harborough District Council to comply with Section 38 (1) of the Localism Act 2011 which requires English and Welsh local authorities to produce a pay policy statement for Chief Officers for 2012/13 and for each financial year thereafter.

6. Resource Issues

- 6.1. None specifically arising from this report.

6.2 The policy has no significant implication on resource, however, the recommendation to Council regarding the annual review of remuneration for Head of Paid Service (Chief Executive) pay may create a small financial cost.

7. Carbon Management Implications

7.1. None specifically arising from this report.

8. Impact on Communities

8.1 Although there is no direct impact on communities, the Hutton report does suggest that the public often perceive senior management salaries to be higher than reality. The report advises the publication of specific salaries in order to create better understanding from the community as to the salary, value and role of the senior managers in the organisation.

9. Community Safety Implications

9.1 None specifically arising from this report.

10. Risk Management Implications

10.1 Risks associated with this policy would primarily be around the non publication of the policy or non compliance with the legislation in the content and method of approval of policy. These are mitigated due to the content of the policy and the democratic process that policy will be subject to.

11. Consultation

11.1 Harborough District Council usually seeks to consult the Trade Union, Unison, on policies in order to maintain good employee relations. Unison have been consulted regarding this policy and will be consulted again with any subsequent amendments.

Previous report(s): N

Information Issued Under Sensitive Issue Procedure: N

Appendices:

A: Chief Officer Pay Policy

Information Issued Under Sensitive Issue Procedure: No