

COUNCIL:

24 MARCH 2016

CABINET PROPOSAL

PAY POLICY 2016/17

Reason for this Report

1. To ask the Council to agree a Pay Policy Statement for 2016/17, in accordance with the requirements of the Localism Act 2011.

Background

2. The City of Cardiff Council understands the importance of having a clear written policy on pay for employees. The policy statement will provide a framework to ensure that employees are rewarded fairly and objectively without discrimination.
3. The Council also has a statutory requirement under the Localism Act 2011 to prepare a pay policy statement on an annual basis. The first statement was in place by 31st March 2012 and they have been produced annually since. Agreement (and subsequent publication) of this fifth annual Pay Policy Statement will ensure continued compliance with this legislation.
4. The focus of the legislation is about transparency of pay for Chief Officers and how their pay compares with lower paid employees in the Council. However, in the interests of transparency and accountability the Council has chosen since 2011 to take a broader approach and produce a policy statement covering all employee groups with the exception of teachers (as the remuneration for this latter group is set by the Secretary of State and therefore not in local authority control). This policy also excludes Members of the Council as they are not employees and are governed by separate legislation via the Independent Remuneration Panel for Wales
5. The legislation also requires the Council to provide information about redundancy payments that are made to employees who leave the organisation. The Voluntary Redundancy policy was reviewed in January 2015 with the changes taking effect from 3rd April 2015. Following recent annual review, Cabinet in January 2016 agreed that there will be no change to the Voluntary Redundancy policy for 2016/17.
6. In February 2014 the Welsh Government published statutory guidance entitled Pay Accountability in Local Government in Wales - Guidance under section 40 of the Localism Act. This guidance has been revised and

replaced with a document of the same title dated January 2016. The main change concerns an issue which was emerging and which was highlighted in last year's Cabinet report and Pay Policy document. This relates to the transparency requirement from Welsh Government that Chief Officer severance packages over a particular threshold need to be considered by Full Council. Welsh Government have confirmed that they consider £100,000 to be the appropriate level for this threshold. The guidance from Welsh Government dated January 2016 clarifies which elements should be included in this £100,000 threshold ie salary paid in lieu, lump sum redundancy/severance payment and cost to the authority of the strain on the pension fund arising from providing early access to an unreduced pension . The Council duly complied with this requirement in 2015/16 in instances when this threshold was exceeded for Chief Officers and will continue to do so based on confirmation now provided by Welsh Government.

7. The other issue raised last year concerning pay awards for JNC for Chief Officers has been addressed by last year's agreed inclusion by Cabinet and Full Council of paragraph 15.5 in the pay policy statement that the Council will pay such nationally agreed pay awards as and when determined. This is reflected in the policy statement attached along with recently amended guidance relating to the Independent Remuneration Panel for Wales. Clarification has now been received from the IRP in relation to Section 39 of the Local Government (Wales) Act 2015 regarding salaries of Chief Officers. The IRP have confirmed that it will be sufficient for the Welsh Local Government Association (as the Local Government Employers Organisation for Wales) to notify the IRP of nationally negotiated pay increases for Chief Officers rather than each authority having to do so individually. The IRP however reserves the right to examine the award as both appropriate and reasonable and have agreed with WLGA to reach a conclusion within a timescale that does not delay payment.
8. Whilst Welsh Government Guidance does not reference future or impending legislation , there are possible changes which may impact on all Councils' published pay policies particularly in relation to reward of Chief Officers. Central Government has introduced legislation regarding the repayment of severance payments by senior officers earning £80,000 or over where they return to the public sector within 12 months of leaving their previous post .Additionally the Government's Enterprise Bill 2015 contains provisions to introduce a £95,000 cap on public sector exit payments on English Authorities. However, devolved governments in Scotland, Northern Ireland and Wales are able to determine if and how they wish to take this forward. Confirmation has now been received that the Minister for Public Services will be advising the National Assembly for Wales to oppose a Legislative Consent Motion (LCM) for a £95k cap on public sector exit payments as defined by the Enterprise Bill. Once legislation is confirmed on these and any other relevant legislative matters, the Council will need to comply with such requirements, as appropriate

Reason for Recommendation

9. To respond to the legal requirement under the Localism Act 2011 but the production of the policy statement will also provide openness and accountability in how the Council rewards its staff.

Legal Implications

10. Under Section 38 of the Localism Act 2011 the Council must prepare a Pay Policy Statement for each financial year before the commencement of that year. The Pay Policy Statement for 2016/17 must therefore be approved by 31st March 2016.

The Act requires the Policy to cover certain specific matters and the Welsh Government has issued statutory Guidance in relation to Pay Policies.

The proposed Pay Policy for 2016/17 meets the requirements of the Act and Welsh Government Guidance.

The Pay Policy must be published in such manner as the Council thinks fit. The practice is to publish the Pay Policy on the Council's website.

The Council's pay structures are considered to be compliant with Equalities legislation.

Financial Implications

11. The rates of pay and conditions set out in the Pay Policy Statement are reflected in the Council's budget for 2016/17.

Human Resource Implications

12. The recommendation will not impact on employees across the Council as it merely outlines in one policy, existing and agreed arrangements for pay and remuneration of employees.

CABINET PROPOSAL

Council is recommended to approve the attached Pay Policy Statement 2016/17 (Appendix 1).

THE CABINET

10 March 2016

The following appendix is attached:

Appendix 1 – Pay Policy Statement 2016/17