

MEETING: 26th MARCH 2012

SUBJECT: LOCALISM ACT 2011 – PAY TRANSPARENCY

**JOINT REPORT OF THE CHIEF FIRE OFFICER, CLERK TO THE AUTHORITY,
THE FINANCE OFFICER AND PERSONNEL ADVISOR**

1 INTRODUCTION

- 1.1 The purpose of this report is to set out the pay transparency implications of the Localism Act 2011 and recommend for approval the draft Pay Policy Statement, for subsequent publication by 31st March 2012.

2 BACKGROUND

- 2.1 The provisions of the Localism Act 2011 came into force on 15th January 2012, bringing together the strands of increasing accountability, transparency and fairness in the setting of local pay. Section 38 of the Act requires English and Welsh local authorities and fire and rescue authorities to produce an annual pay policy statement starting with 2012/13, setting out authorities' policies for the financial year in relation to the remuneration of their senior staff/chief officers, the remuneration of their lowest-paid employees, and the relationship between the pay of chief officers and that of other employees. The statutory guidance emphasises that local authorities and fire and rescue authorities are individual employers with autonomy to make decisions on pay which are appropriate to local circumstances and which deliver value for money for local taxpayers. The provisions in the Act do not seek to change this or to determine policies or decisions on pay – but they do require that authorities are open about their own local policies and how local decisions are made.
- 2.2 Some aspects are still the subject of discussion between the LGA and the DCLG and may be subject to minor amendment. The Act requires that:
- Pay policy statements and any amendments to them must be approved formally by a meeting of the full Authority and cannot be delegated to a committee/sub-committee. (This is in line with the requirement for authorities to ensure that all democratically accountable members have a significant input into how decisions on pay (and especially senior pay) are made);
 - The pay policy statement must be approved by the end of March each year, starting with 2012;
 - The statement can be amended in-year;
 - The meetings need to be open to the public and should not exclude observers;
 - The statement must be published on the authority's website (and in any other way that the authority chooses);
 - The statement must be complied with when the authority sets the terms and conditions for a chief officer.

2.3 Required elements:

The statutory pay policy statement needs to cover the Authority's policies relating to:

- The level and elements of remuneration for each chief officer (including salary, bonuses and benefits in kind);
- 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, the use of performance-related pay and bonuses, termination payments, and transparency (i.e. publication of and access to information relating to their remuneration).

2.4 The wording of the Act and the related guidance is primarily tailored to local authorities, and has needed to be interpreted appropriately to apply it to the circumstances and structure of a fire and rescue authority.

3 PROPOSAL

3.1 The proposed draft Pay Policy Statement is attached as an Appendix to this report. It draws from current guidance and references or incorporates the Authority's related policies where they exist. It reflects the Authority's practice and position in aiming to be an employer of choice within the context of managing scarce public resources.

3.2 Given that this exercise is new and that the guidance is liable to further amendments by the LGA and DCLG, it is proposed that a review of the statement is undertaken by officers no later than September 2012, with any required amendments being reported to the Authority at that time.

4 EQUALITY AND DIVERSITY IMPLICATIONS

4.1 The draft pay policy statement reflects the Authority's obligations and commitment to equality objectives in pay and reward.

5 FINANCIAL IMPLICATIONS

5.1 The pay policy statement does not of itself have any financial implications.

6 HEALTH AND SAFETY IMPLICATIONS

6.1 There are no health and safety implications in respect of this report.

7 RECOMMENDATIONS

7.1 Members are recommended to:

- a) Approve the attached draft Pay Policy Statement for publication by 31st March 2012.; and

- b) Receive further reports as necessary.
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BACKGROUND PAPERS

The under mentioned Background Papers refer to the subject matter of the above report:

The Localism Act 2011

Guidance issued by DCLG

Guidance issued by the Local Government Association

