

COUNCIL – 20 MARCH 2012

PAY POLICY STATEMENT

Report by Head of Human Resources

Introduction and context

1. The Localism Act 2011 requires that all councils agree and publish a pay policy statement by the end of financial year 2011-12. The Act lays down requirements on the content of the statement. This requirement is supplemented by detailed guidance from the Department for Communities and Local Government entitled 'Openness and Accountability in Local Pay: Guidance under Section 40 of the Localism Act'.
2. In addition, the Code of Recommended Practice for Local Authorities on Data Transparency requires that Councils publish prescribed information on senior pay, jobs and organisational structures. The definition of senior pay under the Code is wider than the top management team and includes senior managers earning more than £58,200 per annum. Some of this information is already published each year in the Council's Statement of Accounts. Full details of the pay of individual managers, as required by the Act, will also be published in accordance with requirements.
3. The Council has for many years managed its pay by adopting balanced terms and conditions of employment and by exercising a range of effective managerial rules and processes which have allowed services to operate efficiently within the budgetary constraints which apply. Bench-marking information is available at Annex 1. The Council welcomes this fresh opportunity to be open and accountable about the management of pay and seeks to publish a Pay Policy Statement which embraces the spirit and the letter of the new legislation and guidance.
4. In summary the pay policy statement must as a minimum include details of the Council's policy on:
 - The remuneration of its Chief Officers;
 - The remuneration of its lowest paid employees;
 - The relationship between the remuneration of its chief Officers and other Officers.

Current Pay Policy Statement

5. The Pay Policy Statement at Annex 2 brings together current Oxfordshire County Council arrangements and policies into one document. It fulfils the

requirements set down by the relevant legislation, codes etc. This Pay Policy Statement will be reviewed by the Council annually.

6. The Chief Executive and Directors are currently paid on spot point salaries under a two-yearly review of pay related to average pay in the south east and neighbouring County Councils. Other senior managers are paid on four point grades using appropriate job evaluation systems. Cost of living reviews are negotiated annually by the relevant national joint councils. Bonuses and performance related pay are not paid. Changes to grades of senior officers are currently approved by Democracy and Organisation Committee Grading Sub-Committee.
7. The Chief Executive and Director's pay was last increased in 2007. Pay was reviewed locally in accordance with the policy in 2009 but a decision was taken by Senior Officers not to accept any increase due to the budgetary situation. Pay was not reviewed in 2011 as the council had adopted a freeze for other staff. The last cost of living pay rise was made at 1 April 2008 so, in 2012-13 it will be four years since the Chief Executive, Directors and related officers have received a cost of living pay rise. Local Government (Green Book) staff have not received a cost of living pay rise for three years.
8. Following local negotiations and consultations with Trade Unions, Oxfordshire has implemented a further freeze on incremental rises for those earning over £21,000 pa together with a general reduction in redundancy compensation rates and a reduction in car allowances to 35 pence per mile, which is below the Inland Revenue 'All Car' mileage rate.
9. However, additional to these measures, in order to meet its required financial savings, the Council has reduced its overall staffing numbers since 1 April 2010 by over 19%. Senior manager numbers have been reduced by over 40% in the same period - these reductions involved removal of layers of management and increased spans of control in some areas.
10. Although Oxfordshire is subject to the difficult national economic situation it remains a relatively prosperous employment market and the Council must remain competitive in the levels of pay and terms and conditions of employment it offers in order to recruit and retain good quality staff.
11. Benchmarking data on pay and severance is attached at Annex 1. This shows that Oxfordshire's current levels of pay are below the benchmark level for the south east region. Oxfordshire's severance arrangements are shown to be in line with other Councils and relatively modest in terms of redundancy payment calculator.

Future Pay Policies and Accountability

12. The pay policy statement must be reviewed and re-published every year. Information published in accordance with the Data Transparency Code will be updated regularly.

13. In order to undertake this review it is proposed to introduce a Remuneration Committee which will be a stand-alone committee reporting directly to full Council with a composition which reflects the political balance of the Council. The committee will have the benefit of independent pay advice. This Remuneration Committee will make recommendations to Council regarding next year's Statement.
14. Relevant trade unions will be consulted fully on changes to the Pay Policy Statement.

RECOMMENDATIONS

15. **The Council is RECOMMENDED to approve:**
 - (a) **the current Pay Policy Statement at Annex 2 to this report.**
 - (b) **approve the creation of the Remuneration Committee as set out in paragraph 13 of the report which will make recommendations to Council regarding future Pay Policy Statements.**

STEVE MUNN
Head of Human Resources

Contact Officer: Sue Corrigan (01865) 810280

Background Papers:

'Openness and Accountability in local pay: Guidance under section 40 of the Localism Act', Department for Communities and Local Government;
'The Code of Recommended Practice for local Authorities on Data Transparency'.

March 2012