

**LONDON BOROUGH OF TOWER HAMLETS**

**COUNCIL MEETING**

**15<sup>TH</sup> APRIL 2015**

**LOCALISM ACT 2011 – PAY POLICY STATEMENT 2015/16**

**REFERENCE FROM THE HUMAN RESOURCES COMMITTEE  
MEETING ON 19<sup>TH</sup> FEBRUARY 2015**

**1. EXECUTIVE SUMMARY**

- 1.1 Under Section 38(1) of the Localism Act 2011, the Council is required to adopt a Pay Policy Statement for each financial year.
- 1.2 The Human Resources Committee meeting on 19<sup>th</sup> February 2015 agreed the proposed Pay Policy for 2015/16 and it is now presented to Council for final approval.

**2. RECOMMENDATIONS**

- 1 To adopt the authority's Pay Policy Statement for the year 1<sup>st</sup> April 2015 to 31<sup>st</sup> March 2016 as recommended by the Human Resources Committee and attached at Appendix 1 to this report.
- 2 To agree that if any minor changes to the 2015/16 policy statement are required as a result of future government guidance, authority to make such amendments be delegated to the Head of Paid Service after consultation with the Service Head (Human Resources and Workforce Development), the Chair of the Human Resources Committee and the Monitoring Officer. Should any fundamental changes be required, then the Pay Policy Statement be referred back to the Human Resources Committee for consideration.

**3. BACKGROUND**

- 3.1 Under Section 38(1) of the Localism Act 2011, the Council is required to adopt, prior to the start of each financial year, a Pay Policy Statement for the forthcoming year which must be published on the Council's website.
- 3.2 The Pay Policy Statement must set out the Authority's policies for the financial year relating to the remuneration of its officers. This must include:

- A policy on the level and elements of remuneration for each chief officer
  - A policy on the remuneration of lowest paid employees (together with a definition of 'lowest paid employees' and reasons for adopting that definition)
  - A policy on the relationship between the remuneration of chief officers and the remainder of the workforce
  - A policy on other specific aspects of chief officers' remuneration (remuneration on recruitment, increases and additions to remuneration, use of PRP and bonuses, and the approach to termination payments).
- 3.3 Additionally, the Council must have regard to other statutory guidance or recommendations e.g. relating to pay multiples, but it should be noted that the statutory guidance emphasises that each LA has the autonomy to take its own decisions on pay and pay policies.
- 3.4 The Human Resources Committee meeting on 19<sup>th</sup> February 2015 agreed the Council's proposed Pay Policy Statement for 2015/16 and this is now presented to Council for final approval. The proposed statement for 2015/16 is attached at Appendix 1.
- 3.5 In previous years the Department for Communities and Local Government has produced supplementary guidance to be read alongside existing accountability guidance, which governs Pay Policy Statements. Should supplementary guidance be published after the 2015/16 Pay Policy has been considered by the Council, which requires minor amendments to be made to the Pay Policy Statement, it is proposed that authority to make such amendments be delegated to the Head of Paid Service after consultation with the Service Head (Human Resources and Workforce Development), the Chair of the Human Resources Committee and the Monitoring Officer. Should any fundamental changes be required, the Pay Policy Statement will be referred back to the Human Resources Committee for consideration.

#### **4. COMMENTS OF THE CHIEF FINANCIAL OFFICER**

- 4.1 There are no financial implications of publishing a Pay Policy Statement, which describes current practice. Should any changes to pay policy be proposed (that result in an amended statement being published in future), the financial implications will be assessed at the point that changes are proposed.

#### **5. CONCURRENT REPORT OF LEGAL SERVICES**

- 5.1 Guidance on Section 40 of the Localism Act was published in February 2012. Relevant authorities (which includes a London Borough Council) are required by section 38(1) of the Act to prepare Pay Policy Statements which set out a range of issues relating to the Authority's policy towards a range of issues including that of its highest and lowest paid workers. The policy must be

prepared for each financial year, approved by full Council and published for transparency.

- 5.2 Under Section 40 (1) of the Act the Authority must have regard to the guidance which sets out key policy principles which underpin the accountability provisions of the Act. The Council is still bound by relevant employment (and other) legislation as the employer and any changes which may be proposed by the policy must bear in mind the requirements of such legislation.
- 5.3 The Act and the guidance requires that Councillors take a greater role in ensuring that the remuneration, particularly that of the most senior staff, is appropriate and commensurate with their responsibility and within the wider context of the pay of the workforce as a whole. This requires the publication of data in respect of the remuneration of chief officers.
- 5.4 The Council can amend the Pay Policy on an annual basis as required by the Act but may also amend the policy as needed to take into account changing legislative requirements.
- 5.5 Given the requirement that the policy be approved by full Council, care must be exercised when seeking to delegate any authority to approve changes which are made to the policy subsequent to its approval by full Council.

## **6. ONE TOWER HAMLETS CONSIDERATIONS**

- 6.1 An equality analysis will be carried out on the draft policy statement, but it should be noted that the statement describes existing policies and practice rather than proposing new ones. Should there be amendments, further advice on the impact will be given.

## **7. SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT**

- 7.1 There are no implications.

## **8. RISK MANAGEMENT IMPLICATIONS**

- 8.1 The draft statement describes existing policies and practice. Any risks, e.g. from proposing changes in the future to pay and benefits, would be assessed at the time.

## **9. CRIME AND DISORDER REDUCTION IMPLICATIONS**

- 9.1 There are no implications.

**10. EFFICIENCY STATEMENT**

10.1 No changes to service delivery or the use of resources are proposed.

**11. APPENDICES**

Appendix 1 – Draft Pay Policy Statement 2015/16

---

Background Papers: Section 100D of the Local Government Act 1972

NONE