

REPORT FOR: **COUNCIL**

Date of Meeting: 16 February 2012

Subject: Pay Policy Statement 2012/13

Exempt: No

Enclosures: Appendix 1 – Draft Pay Policy Statement 2012/13

Section 1 – Summary and Recommendations

This report sets out the Council's draft Pay Policy Statement 2012/13, for publication by 31 March 2012

Recommendations:

The Council is requested to agree the Pay Policy Statement 2012/13 for publication on the Council's website

Section 2 – Report

The Localism Act 2011 (the Act), parts of which became law in November 2011, introduces the requirement for Local Authorities to agree and publish an annual Pay Policy Statement by 31st March 2012.

The Department for Communities & Local Government (DCLG) also published, for consultation, draft guidance on 'Openness and accountability in local pay'.

The Pay Policy Statement at appendix 1 has been drafted to meet the requirements of the Act. It sets the context for the Council's pay policy and details its approach to pay and remuneration for its employees and specifically for its senior managers and lowest paid employees.

Council are recommended to agree the draft Pay Policy Statement 2012/13 and that it be published on the Council's website.

Other options considered

None - Agreement to and publication of an annual Pay Policy Statement is a statutory requirement.

Implications of the Recommendation

The Council's employees are its most valuable resource and remuneration at all levels needs to be adequate to recruit and retain high quality employees dedicated to the service of the public. Given that the Council also has a requirement to make significant savings as a result of public spending cuts, it is equally important that remuneration is not unnecessarily generous or otherwise excessive and that there is transparency and openness in the way the Council remunerates its employees.

In March 2011, the Council commenced a project to modernise terms and conditions of employment for non-teaching employees. The project objectives are to:

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| Modernise: | to support the future needs of the Council |
| Simplify: | wherever possible, to make terms and conditions easier to understand and to reduce unnecessary processes |
| Reduce cost: | to seek to reduce the costs of terms and conditions of employment |
| Give greater choice | to continue to have core terms and conditions but to provide each individual with an element of choice beyond that. |

These objectives are set out within the Pay Policy Statement for 2012/13.

The Council's Medium Term Financial Strategy (MTFS) 2012/13 (reported elsewhere on this Agenda) includes savings identified from the project to modernise terms and conditions of employment.

A range of modernising options has been considered in consultation with the trade unions, management and the workforce. Formal negotiations commenced with the non-teaching trade unions in November 2011 but it has not been possible to reach a collective agreement with them on the modernising approach to terms and conditions of employment.

Cabinet have therefore instructed that the Chief Executive, in consultation with the Leader and Portfolio Holder:

1. Develop a proposition which meets the needs of the Council on which to consult non-teaching staff;

2. Consult directly with non-teaching staff and if appropriate;

- to modify that proposition in the light of consultation and/or;
- to undertake a ballot of non-teaching staff on the final proposition; and
- to take action as necessary to implement new terms and conditions of employment for non-teaching staff.

The Executive will consider and implement any changes to the pay, terms and conditions of Council employees in accordance with the Council's Pay Policy Statement.

Equalities impact

The modernising proposals have a differential impact and an Equalities Impact Assessment has been carried out which identified a range of equalities considerations and potential impacts as highlighted below:

A percentage reduction in basic pay would impact on each employee to the same proportion.

Age

The council has an aging workforce with most between the ages of 45 and 54 at all levels of the workforce. The proposal to reduce basic pay for senior management is more likely to impact on workers in this age range.

The proposal to raise the minimum salary to meet the London Living Wage is more likely to affect younger workers.

The age profile for the workforce demonstrates that there are a higher number of employees in the 45-54 year age range in all pay bands than any other age range.

Sex

Almost 76% of the council's workforce is women. However a smaller proportion are contracted to work overtime or carry out ad hoc overtime (63%). The proposal to introduce plain time for overtime and weekend working has therefore proportionately a slightly higher impact on men than women in comparison with the workforce profile.

A much smaller proportion of women (54%) are employed in the lowest pay band (H1 to H3). The measure to raise the minimum salary level to meet the London Living Wage will therefore have a great positive impact on men.

Ethnicity

Almost 35% of the workforce are Black, Asian and Minority Ethnic (BAME) and 65% are White.

The greatest proportion of BAME staff are employed in payband 2 (H4 to H8) as are the majority of White staff. The proportion of BAME staff to White staff at each pay band is very similar excepting at payband 6 (Directors and above) where there are no BAME staff employed.

The proposals for overtime and weekend enhancements and Essential Car User Allowance will therefore have an equivalent impact on BAME and White staff. However, the impact from the basic pay reduction for senior management will solely impact on White staff.

Disability

The workforce profile shows that 3.65% of the workforce are disabled and that with the exception of payband 6 (Director level and above) they are broadly represented at each level of the workforce in direct proportion to non-disabled employees. There is therefore an equivalent impact on disabled workers, excepting at payband 6 where the proposal to reduce the basic pay for senior managers will solely impact on non-disabled employees.

Monitoring will take place following implementation of any changes in order to ensure that no one group (and therefore the council's performance on equalities in employment) is negatively affected.

Legal Comments

As contained in the report

Financial Implications

The Council is operating in an increasingly tough financial climate and needs to look at the widest possible range of measures to reduce its cost base, whilst mitigating as much as possible the impact on services, particularly statutory services and those to the most vulnerable members of the community.

As the most significant element of cost within the Council's base budget, measures to reduce staff costs must therefore be considered, as outlined in this report.

The budget for 2012/13 presented on this Council agenda includes a £300,000 part-year net saving arising from the modernising terms and conditions of employment project. A further £530,000 is included in the MTFs from 2013/14, giving total annual savings of £830,000. These are considered to be prudent estimates of the savings the Council can achieve from the project.

Clearly any additional savings will contribute to reducing future year budget gaps, whilst any shortfall in the savings would result in the need to call on the general budget contingency of £1 million included in the 2012/13 base budget.

Section 3 - Statutory Officer Clearance

Name: Julie Alderson



Chief Financial Officer

Date: 9 February 2012

Name: Hugh Peart



Monitoring Officer

Date: 9 February 2012

Section 4 - Contact Details and Background Papers

Contact:

Jon Turner, Divisional Director Human Resources, Development & Shared Services DD: 0208 424 1225

Background Papers:

Cabinet Information Item - Modernising Terms and Conditions of Employment, 17 March 2011

<http://www.harrow.gov.uk/www2/ieListDocuments.aspx?CId=249&MId=60262>

Cabinet Information Item - Progress Update on Modernising Terms and Conditions of Employment, 17 November 2011

<http://www.harrow.gov.uk/www2/ieListDocuments.aspx?CId=249&MId=60642>

Cabinet Decision - Modernising Terms and Conditions of Employment, 19 January 2012

<http://www.harrow.gov.uk/www2/ieListDocuments.aspx?CId=249&MId=60644>