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FULL COUNCIL REPORT

Date Written	12 February 2015
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Service Area	Human Resources -Corporate
Exempt/Non Exempt	Non exempt
Committee Date	25 March 2015

To: Mayor, Ladies and Gentlemen

Pay Policy Statement 2015-16

PURPOSE OF THE REPORT:

To seek approval for the publication of the Pay Policy Statement 2015-16. This requires publication each year as part of a legal obligation under the Localism Act 2011.

1.0 INTRODUCTION AND BACKGROUND

- 1.1 The Local Government Act 1972 (Section 112) sets out the Council's '*powers to appoint officers on such reasonable terms as the Authority thinks fit*'.
- 1.2 More recently, the requirements within Section 38(1) of the Localism Act 2011 sets out the need for Welsh and English Authorities to produce and publish a Pay Policy statement for each financial year.
- 1.3 This is the fourth Pay Policy statement that has been produced and published by Merthyr Tydfil County Borough Council.

2.0 CONTENT OF THE PAY POLICY

- 2.1 In the previous Pay Policy statements, reference was made to such measures as 'acting up', 'market forces', and 'honourariums'. Merthyr Tydfil County Borough Council does not have a separate policy for each of these pay measures, and as

such the detail within the Pay Policies was unclear as to how these were to be used fairly and consistently.

- 2.2 The Pay Policy for 2015-16 has included more detail on these aspects to ensure that the pay measures are implemented fairly and consistently.
- 2.3 Recent Welsh Government amendments to the Local Authorities (Standing Orders) (Wales) Regulations 2006 effective from 1st July 2014 introduced a new requirement that:

“The relevant authority must determine the level, and any change in the level, of the remuneration to be paid to chief officers”.
- 2.4 The impact of this amendment is that all changes to chief officers pay must be voted on by full Council, not just those which are determined locally. This includes any pay rises which have been nationally negotiated by the JNC for Chief Officers and these now cannot be paid, unless and until, they have been agreed by full Council.
- 2.5 As there are Chief Officers of this authority employed under JNC terms and conditions (Director) which are incorporated into their contracts of employment, they will be contractually entitled to any JNC pay rises and a decision to withhold payment (unless preceded by action to effect appropriate changes to contracts) could result in claims against the authority of ‘unlawful deduction from wages’ or ‘breach of contract’.
- 2.6 Clearly seeking full council’s determination to pay JNC nationally agreed pay rises at the time they agreed is likely to cause delay in their payment. The WLGA has therefore pursued this matter with Welsh government on behalf of councils in order to seek a pragmatic solution. As a result it has been agreed that the requirement that full council must determine nationally agreed contractually entitled pay rises for Chief Officers can be met by full council voting on an appropriate resolution to insert a suitable clause in their Pay Policy Statement to cover the issue (see 14.2 of the Policy).
- 2.7 This report is therefore presented to enable this authority to meet this new requirement as outlined.
- 2.8 Should the Council at any time decide that it does not wish to implement nationally negotiated JNC pay increases then it would need to be a decision of Full Council, and the Pay Policy Statement would need to be amended again to reflect that decision.
- 2.9 Council should also take note of the requirement of Full Council to approve severance packages of employees that are leaving the Council, where the value of the total severance is valued at £100,000 or more. (see section 16.1 of the Policy) The severance elements that need to be included are salary paid in lieu of notice, lump sum redundancy/severance, cost to the authority of any pension enhancements /strain on the pension fund.
- 2.10 Other changes that are to be found within the Pay Policy for 2015-16 are:

- 2.10.1 Reference to the pay increases as set by the National Employers;
- 2.10.2 When acting up for longer than four weeks, the increased payment is backdated to the start of the four weeks (currently it is at the end);
- 2.10.3 Process on assimilating new starters with continuous service to the pay and grading structure;
- 2.10.4 Pay rules during redeployment;
- 2.10.5 Chief Officer pay requirements for those earning over £100,000 per annum as denoted within the Local Authorities (Standing Orders) (Wales) (Amendment) Regulations 2014;
- 2.10.6 Re-employment of Chief Officer requirements.

2.11 A copy of the Pay Policy 2015-16 is attached.

3.0 FINANCIAL IMPLICATION(S)

3.1 There are financial implications related to applying the Pay Policy, however these are already in place and are merely defined more clearly within this statement.

4.0 SINGLE INTEGRATED PLAN AND SUSTAINABILITY IMPACT SUMMARY

4.1 There is no impact in relation to the SIP and sustainable impact as it sets out a fair and consistent approach to applying pay measures to the existing pay and grading structure.

5.0 EQUALITY IMPACT ASSESSMENT

5.1 An Equality Impact Assessment (EqIA) screening form has been prepared for the purpose of this report. It has been found that a full report is not required at this time. The screening form can be accessed on the Council's website/intranet via the 'Equality Impact Assessment' link.

5.2 A full equal pay audit will be undertaken in due course when the new Corporate Structure has been evaluated.

6.0 RECOMMENDATION(S) that

6.1 The Authority's Pay Policy Statement for 2015/16 be amended to include the following paragraph which can be found at 14.2 of the Pay Policy Statement:

'The Council employs Chief Officers under JNC terms and conditions which are incorporated into their contracts (Director and Chief Executive). The JNC for Chief Officers negotiates on National (UK) annual costs of living pay increases for this

group, and any award of same is determined on this basis. Chief Officers employed under JNC terms and condition are contractually entitled to any National JNC determined pay rises and this Council will therefore pay these as and when determined in accordance with current contractual requirements.'

6.2 The Pay Policy 2015-16, to be implemented 1st April 2015, be approved.

GARETH CHAPMAN
CHIEF EXECUTIVE

BACKGROUND PAPERS		
Title of Document(s)	Document(s) Date	Document Location
<i>Pay Policy statement 2015-16</i>	January 2015	HR O drive

Consultation has been undertaken with the Corporate Management Team in respect of each proposal(s) and recommendation(s) set out in this report.