

**TO: EMPLOYMENT COMMITTEE  
5 DECEMBER 2012**

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**PAY POLICY STATEMENT  
(Chief Executive)**

**1 PURPOSE OF REPORT**

- 1.1 The Localism Act 2011 requires the Council to create and publish a Pay Policy Statement, with particular emphasis on senior pay. Most of what appears in the attached Pay Policy Statement is specifically required by the Localism Bill whilst other aspects are derived from suggestions in the Joint National Council for Chief Executives of Local Authorities' guidance on pay policies in order to give a fuller picture of the work of the Council.
- 1.2 The Statement, which is essentially, a statement of existing policies must be formally approved by the Council by the end of March but can be amended in-year. This is the second year the Council has been required to make this Pay Policy Statement and whilst there are some minor differences from the first statement approved in February 2012, the basic details remain unchanged.

**2 RECOMMENDATION**

- 2.1 That in accordance with the Localism Act 2011, the Employment Committee endorses the attached Pay Policy Statement.**

**3 REASONS FOR RECOMMENDATION**

- 3.1 This is required under the Localism Act 2011.

**4 ALTERNATIVE OPTIONS CONSIDERED**

- 4.1 None, this is a legislative requirement.

**5 SUPPORTING INFORMATION**

- 5.1 The details which must be provided in the statutory statement are:
- a) Policy on the level and elements of remuneration for each director and chief officer – specifically including remuneration on recruitment, increases and additions to remuneration including any bonuses, if paid, termination payments, allowances, benefits in kind, pension entitlements. (This Council decided to include all posts earning over £58,200 to remain consistent with the Code of Recommended Practice on Data Transparency of 2011).
  - b) Policy on the FTE equivalent remuneration of the lowest paid employee.
  - c) Policy on the relationship between the remuneration of the Chief Executive and other employees.

## Unrestricted

- 5.2 Whilst the policy on publishing senior pay information does not apply to schools, the information which makes up the median and mean salaries for the Council has to include all schools based staff.
- 5.3 The Coalition Government programme for government Freedom, Fairness, Responsibility published in May 2010 contained a commitment to undertake a fair pay review in the public sector to implement their proposed “20 times” pay multiplier. This related to the multiplier between the lowest paid employee and the Chief Executive.

However the subsequent Hutton Review into public sector pay concluded that a public sector pay multiple based on the lowest paid would not work as the core of a fair system so instead recommended the median as the basic calculator. This is now the requirement of the Localism Act and this Pay Policy Statement. Therefore, whilst the Council is obliged to publish information on the salary multiple between the Chief Executive and the median salary for the Council (6.9), and is also obliged to publish the Full Time Equivalent salary of the lowest paid employee, it is not obliged to calculate or publish the multiple of the lowest paid employee in relation to the Chief Executive. For information, however, this is a multiple of 12.3, very significantly below the Prime Minister’s “20 times” guideline.

It may be noted that the average result for unitary local authorities, using the top-to-median ratio, is a multiple of 7.3, so the Council’s figure of 6.9 compares very favourably.

- 5.4 The Department for Communities and Local Government’s guidance states “Pay Policy Statements offer an opportunity to put data firmly within the context of the Council’s agreed policies, and to provide the public with a clear justification of how their money is being used appropriately in the pay and reward of senior staff.” For that reason, a limited amount of discretionary information has been included, to give context to and identify the significant scope and responsibilities for some jobs.
- 5.5 The Statement will be published on the website in early March, once it has been formally approved at the next full Council meeting.

## **6 ADVICE RECEIVED FROM STATUTORY AND OTHER OFFICERS**

### Borough Solicitor

- 6.1 Nothing to add to the report.

### Borough Treasurer

- 6.2 The Pay Policy Statement sets out the Council’s current arrangements with regard to senior pay in particular. As such there are no financial implications arising from this report.

### Equalities Impact Assessment

- 6.3 This Statement is a confirmation of existing Council Policies, and the composition of the group of employees covered by it is already subject to the Council’s annual monitoring exercise.

Strategic Risk Management Issues

6.4 None identified.

**7 CONSULTATION**

Principal Groups Consulted

7.1 It is a descriptive report rather than a change of policy so no consultation required.

Method of Consultation

7.2 Not applicable.

Representations Received

7.3 Not applicable.

Background Papers

Localism Act 2011

Contact for further information

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