

## Local Government (Pay Accountability) Bill.

### Purpose of Report

For direction.

**Is this report confidential? No**

### Summary

The report summarises the Local Government (Pay Accountability) Bill.

**LGA Plan Theme:** Support to the LG Workforce

### Recommendation

**That Members of the Economy and Resources Board consider whether and how the LGA should respond to the Local Government (Pay Accountability) Bill**

### Contact details

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### Local Government (Pay Accountability) Bill

1. A [Private Members' Bill](#), presented by Paul Bristow MP, and supported by the government, has passed second reading and is on track for Committee stage (at time of writing).
2. The Bill as drafted would require councils (and Fire authorities) to approve by resolution, the salary for any roles advertised or appointed at or over £100,000 a year. It will not apply to non-local authority schools.
3. In terms of local authority schools, the position is less clear. On a plain reading of the current pay accountability provisions in the Localism Act, (the Act), which the Bill if passed will amend, and the Bill's terms, they do where relevant cover school staff if they are employed by the local authority. This is because the Act and Bill talk in terms of "*its [the relevant authority's] employees*" and "*a relevant authority...may not appoint a person as an employee*".
4. However, the [current pay accountability statutory Guidance](#) states, "*7. The provisions in the Act do not apply to the staff of local authority schools and therefore teaching staff need not be brought within the scope of a pay policy statement.*"
5. We are unable to find anything in the Act or elsewhere that expressly provides for the exclusion of those staff from the Act and would do from the Bill's relevant provisions. Therefore, we have approached Department of Levelling Up, Housing and Communities (DLUHC) to find out the basis of that statement in the guidance. We have had one meeting with the team in DLUHC who have agreed to consult colleagues in the Department for Education (DfE) to confirm the position.
6. Existing pay policies do not count for this purpose and the £100,000 figure (as required by the [Localism Act 2011](#)) is not indexed; it could only be changed by Regulation. The original discussion of this policy was more than a decade ago and the £100,000 figure was used then. Had it [increased in line with the Consumer Price Index](#), it would now be £138,490. Some indexing would seem prudent to prevent an ever expanding number of roles being covered by this requirement (requiring the requisite increase in time for full council consideration). One alternative could be to link it to a civil service pay band, perhaps most appropriately, [Senior Civil Service pay band 3](#). If it were to be the level would be set now at £127,000 .
7. This proposal would not include salaries that go above the £100,000 threshold as the result of a pay award or other increment.
8. Members will be aware that [Sections 38-43](#) of the Act set out pay accountability requirements for local authorities, including that they must approve and publish

pay policy statements for each financial year. The policy must cover the remuneration of the authority's chief officers, including pay on appointment, subsequent increases, and the use of any performance or bonus pay. [2012 statutory guidance](#) further provides, at paragraph 14, that full council should be offered the opportunity to vote before salary packages of £100,000 or more are offered on a new appointment.

9. That requirement was set out again in [2013 supplementary guidance](#), alongside a statement that pay policies should set out whether this is being done. The 2012 statutory guidance also recommends that authorities publish their pay multiples (the ratio between the highest paid employee and median average earnings).
10. Two separate Joint Negotiating Committees (JNC) are the bodies responsible for national collective bargaining on the pay and conditions of service of the overwhelming majority of local authority Chief Executives and Chief Officers in England and Wales. The JNCs agree annual uplifts to the individual salaries of both groups, the details of which are determined locally by each council.
11. The JNCs' Conditions of Service Handbooks set out terms and conditions that are basic provisions which constitute a standard throughout England and Wales, all of which can be improved by local negotiation.
12. The Conditions of Service Handbooks for both groups contain joint guidance for English councils on the establishment and remit of council Remuneration Committees. Such committees are responsible for providing advice and have delegated authority for making decisions or recommendations to the full council (or another committee) on pay and remuneration issues within its agreed remit in relation to the Chief Executive and Chief Officers.
13. The JNC guidance provides that the Remuneration Committee should meet at least annually to: *'determine any requirement for a formal review of the relevant pay market; where determined necessary, to commission relevant research and analysis and make recommendations thereon; and review any remuneration issues arising from established performance / contribution-related pay assessment.'*

NB: in Wales, the [Independent Remuneration Panel](#) for Wales must be consulted on any proposed changes to a chief executive's salary, unless the change is in keeping with changes applied to other officers of that authority (whether the change is an increase or decrease). The authority must have regard to the recommendation(s) of the Panel when reaching its decision.

14. The JNC will consider whether the guidance needs amending once the Bill has received Royal Assent.

15. Members are asked to consider whether and how they wish the LGA to respond to this Bill.

***Implications for Wales***

16. There are no particular implications for Wales in any of the issues covered other than where explicitly stated. The local government and fire pay negotiations cover Welsh authorities.

***Financial implications***

17. There are no new financial implications for the LGA.

***Equalities implications***

18. There are no specific equalities implications for the LGA.

***Next steps***

19. Members are asked to note the report and direct next steps.