



Department for
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Leaders of Local Authorities in England
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Dear All

Openness and Accountability in Local Pay

The introduction of the Localism Act's pay accountability measures was an important step in increasing accountability over local decisions on pay and reward, particularly senior pay. I am pleased that when exercising their responsibilities under these measures and preparing pay policy statements for 2012-13, the majority of relevant authorities sought to reflect the spirit of our approach. Pay policy statements have proved a rich source of information for local citizens and other interested parties, enabling a closer examination of how local taxpayers' money is spent on pay and reward of local authority staff.

In February 2012, we published *Openness and Accountability in Local Pay*, to which authorities must have regard when exercising their duties on pay accountability. This guidance still stands. However, as authorities begin to prepare or review their statements for 2013-14, it is important that Members continue to consider how to improve the clarity and value of the information that their authorities are publishing. In addition, many authorities can do more to ensure that their most important – and often most costly – decisions on pay and reward are exposed to the scrutiny of Full Council.

I am therefore today issuing some short supplementary guidance for 2013-14 which seeks to reflect lessons learnt from the experience of last year. In particular, the supplementary guidance highlights:

- Members should ensure that pay policy statements are set out clearly, that they fully address all of the requirements of the Localism Act 2011 and accompanying guidance, and are accessible. While all authorities prepared a pay policy statement for 2012-13, not all could be found easily, for example from a simple search of the authority's website. This should change.
- Full Council should be given the opportunity to vote on salary packages of £100,000 or more. I was disappointed that, for 2012-13, not all authorities chose to articulate in their statement if this was being done. This should be made absolutely clear. In addition, those authorities who may not have senior posts over £100,000 should seek to achieve the same degree of openness and accountability by adopting a lower threshold for votes, appropriate to their local circumstances

- Full Council should also be given the opportunity to vote on severance payments over £100,000. Many believe that pay-offs to senior local government staff are excessive and too frequent. The Localism Act brings out into the open the approach taken to severance across the sector. There is a clear case for going further and ensuring that, as well as approving their authority's policy on severance, Members are able to consider each time it is proposed to spend local taxpayers' money on a large pay-off. This follows on from my announcement in November 2012 where I said that I intend to remove the costly and bureaucratic requirement for a designated independent person to investigate allegations of misconduct by senior officers from the Local Authorities (Standing Orders) (England) Regulations 2001. I am currently consulting with the Local Government Association and others on the draft regulations to give effect to these changes.
- Finally, our expectation would be that where councils have directly elected mayors, they would involve the directly elected mayor and have regard to any proposals the mayor may have before the statement is considered and approved.

In considering and approving their Council's pay policy statement, Members have an opportunity to demonstrate that they are seeking to protect the interests of local taxpayers. Ensuring that their authority follows the principles set out in this guidance will help Members to do so. In due course, I shall review how authorities have addressed these issues in their pay policy statements for 2013-14. If it appears that authorities are not following specific aspects of this guidance - and are therefore not achieving appropriate levels of openness and accountability in the setting of policies on pay and reward - I may take steps to require authorities to adopt particular policies.

A handwritten signature in blue ink that reads "Eric Pickles". The signature is written in a cursive, flowing style.

RT HON ERIC PICKLES MP