



Oversight and Governance

Chief Executive's Department
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CITY COUNCIL – SUPPLEMENT PACK – PAY POLICY

Monday 18 March 2019
2.00 pm
Council House, Plymouth

Members:

Councillor Sam Davey, Chair

Councillor Mavin, Vice Chair

Councillors Mrs Aspinall, Ball, Mrs Beer, Bowyer, Mrs Bowyer, Mrs Bridgeman, Buchan, Carson, Churchill, Coker, Cook, Corvid, Dann, Darcy, Deacon, Derrick, Downie, Drean, Evans OBE, Fletcher, K Foster, Goslin, Haydon, Hendy, James, Mrs Johnson, Jordan, Kelly, Laing, Michael Leaves, Samantha Leaves, Loveridge, Lowry, Dr Mahony, McDonald, Morris, Murphy, Neil, Nicholson, Parker-Delaz-Ajete, Penberthy, Mrs Pengelly, Rennie, Singh, P Smith, R Smith, Stevens, Jon Taylor, Kate Taylor, Tuffin, Tuohy, Vincent, Wheeler, Wiggins and Winter.

Members are invited to attend the above meeting to consider the items of business overleaf.

For further information on attending Council meetings and how to engage in the democratic process please follow this link - [Get Involved](#)

Tracey Lee

Chief Executive

City Council

8. Updated Pay Policy:

(Pages 1 - 14)

PLYMOUTH CITY COUNCIL

Subject: Updated Pay Policy
Committee: Council
Date: 18 March 2019
Cabinet Member: Councillor Peter Smith, Deputy Leader of the Council
CMT Member:
Author: Linda Torney
Contact details: 01752 304430 linda.torney@plymouth.gov.uk
Ref:
Key Decision: No
Part: I

Purpose of the report:

Council is being asked to update its pay policy statement for 2019-2020. Plymouth City Council is part of national collective bargaining for all staffing groups. The minimum NJC rate of pay from 1 April 2019 is the same level as the foundation living wage. The amendment does not affect the salary level of the highest paid employee and the pay ratio does not change from the pay policy statement 2019/20 approved in January 2019.

The Act also requires that the Council includes in its pay policy statement its approach to the publication and access to information relating to the remuneration of chief officers. The Pay Policy Statement contains links to the published Statement of Accounts for 2017/18 and other remuneration data on the council's website.

The Pay Policy Statement, which is prescribed in terms of content, sets out the Council's policies in respect of remuneration. The statement is simply a summary of the key provisions as required by the Localism Act.

Corporate Plan:

The Corporate Plan, approved in June 2018, outlines the strategic direction of the council for the next three years. Recommendations within this report align to the current Plymouth City Council Corporate Plan. The proposal enables the corporate plan to be achieved by attracting and retaining the best senior leadership talent to lead and deliver the Corporate Plan.

**Implications for Medium Term Financial Plan and Resource Implications:
Including finance, human, IT and land:**

The costs of this exercise can be contained within the Plymouth City Council established budget. Future appointments will be managed carefully to ensure that appointments are made at the correct point to reflect the market value of the post which will vary depending on, for example previous experience and achievements.

Other Implications: e.g. Child Poverty, Community Safety, Health and Safety and Risk Management:

There is no negative impact

Equality and Diversity:

Has an Equality Impact Assessment been undertaken? Yes

Recommendations and Reasons for recommended action:

That Council:

Updates its Pay Policy for 2019/20 as set out in Appendix One

To reflect the decision of the Appointments Panel to:

- Attract and retain senior leadership talent through broad based, market related salary bands
- Replace Market Factor Supplements with broad pay bands and an enhanced performance management system.
- Amend relocation policy to better support Chief Officers with relocation expenses
- Create a strategic workforce plan to support succession planning and career development.

Alternative options considered and rejected:

Council is required to publish and maintain its pay policy for this reason no alternative options have been considered.

Published work / information

Background papers:

Title	Part I	Part II	Exemption Paragraph Number							
			1	2	3	4	5	6	7	
COAP 15 March 2019 Chief Officer Total Reward Update		x								

Sign off:

Finp l.18. 19. 252		Leg Lt32 070/ 8/13 03		Mon Off		HR AMI 9031 3		Assets		IT		Strat Proc	
Originating SMT Member													
Has the Cabinet Member(s) agreed the content of the report? Yes													

Background

1.0 Plymouth City Council's current People Strategy, which was approved at Cabinet in May 2017 is based on three themes, Talent, Leadership and Culture. These themes continue to inform our work on transforming Plymouth City Council to be an organisation where a motivated, engaged and skilled workforce focusses on meeting the needs of our customers and citizens. An updated People Plan will support the People Strategy and provide the underpinning detail about, for example, Organisational Design principles.

1.2 A Talent Attraction and Retention Strategy is another element of the wider People Plan or Strategy and is a key factor in ensuring the right capability and capacity in our people.

1.3 On 28 April 2017 the Chief Officer Appointment's Panel (COAP) received a report on Senior Management Pay and Reward Review, where agreement was obtained that an external provider undertake work to review the arrangements and report back to COAP. An interim HR Consultant was then appointed to undertake this piece of work.

1.4 Members received updates from the HR Consultant at the COAP on 29 June 2018 and 28 September 2018. Following a cross party joint Member briefing on 29 November 2018 Members were then provided with a further update at the COAP panel on 5 December 2018 where it was agreed that a cross party working group of the COAP was established to undertake further focussed work on the issue of a Total Reward Scheme for Chief Officers.

1.5 A small cross party working group was established to take this project forward with the following members:

- Councillor T Evans OBE
- Councillor P Smith
- Councillor I Bowyer
- Councillor T Beer

1.6 Initial work by the HR Consultant suggested there were three options and these formed the starting point for initial discussion with Members.

- (1.) Retain current practice (AS IS)
- (2.) Create and implement market based broad pay bands
- (3.) Use market based broad pay bands and performance related pay.

2.0 SUPPORTING ELEMENTS OF REWARD STRATEGY

2.1 There are a number of elements that support Talent Attraction and the reward strategies and these are outlined below.

- Relocation Allowances
- Role Profiles
- Performance Management
- Strategic Workforce Planning.

3.0 Changes to the Pay Policy statement

3.1 Under Section 38(1) of the Localism Act 2011 the Council is required to prepare a Pay Policy Statement by 31 March each year, for the following financial year, which is approved by the City Council and then published on the council's website. The provisions of the Act do not apply to local authority schools.

3.2 This includes remuneration and policies for the highest and the lowest paid employees. Plymouth City Council is part of national collective bargaining and will be adopting the new national pay structure with effect from 1 April 2019. The lowest pay point is the same level as the foundation living wage on 1 April 2019.

3.3 The Act also requires that the Council includes in its pay policy statement its approach to the publication and access to information relating to the remuneration of chief officers. The Pay Policy Statement contains links to the published Statement of Accounts for 2017/18 and other remuneration data on the council's website.

3.4 If changes are made during the year, it may be amended by Full Council during the financial year.

3.5 The Pay Policy Statement, which is prescribed in terms of content, sets out the Council's policies in respect of remuneration. The statement is simply a summary of the key provisions as required by the Localism Act and has been updated to reflect the work of the Chief Officer Appointments Panel.

PAY POLICY STATEMENT

2019 - 2020



1.0 CONTEXT

- 1.1 Plymouth City Council wishes to provide a transparent and fair approach to rewarding our employees through our pay, terms and conditions and benefits offered to our staff.
- 1.2 The Council is required to set out a Pay Policy Statement under sections 38 and 39 of the Localism Act 2011. The Act prescribes the information and format required for the Pay Policy Statement.
- 1.3 The statement must be approved by a resolution of the City Council before it comes into force for the relevant financial year. Amendments may be made by resolution of the Council during the financial year.
- 1.4 When approved by the Council, this policy statement will come into immediate effect for the 2019/20 financial year and will be subject to review again for 2020/21 in accordance with the relevant legislation prevailing at that time.
- 1.5 In the Council's People Strategy, our vision is to have a motivated, engaged and skilled workforce focussed on meeting the needs of the citizens of Plymouth.
- 1.6 The Chief Executive and Chief Officers are employed under the JNCs for Chief Executives, Chief Officers and NHS terms and conditions respectively. In addition, as a broad principle, the Council adopts the terms and conditions of employment that apply to NJC staff (Green Book) and the local variations as set out in the Plymouth Book for Chief Officers.
- 1.7 Under the Council's Standing Orders and Constitution, we have set out a requirement for all posts to be fairly evaluated to determine their salary levels within our agreed structures. All staff must be appointed on merit, through fair, transparent and objective processes.
- 1.8 The Council's Chief Executive, as the Head of Paid Service, is responsible for ensuring the Council meets its duties for appointment on merit, the terms and conditions of employment, compliance with the Council's Standing Orders for the appointment and remuneration of staff and with the requirements set out in the Local Government and Housing Act 1989. The Head of Paid Service (Chief Executive) is accountable to the Council for the discharge of her duties.
- 1.9 For the purposes of this Pay Policy Statement, all references to Chief Officer includes Deputy Chief Officers, as defined in the Localism Act. These are roles that report directly to a Chief Officer, apart from clerical and administrative posts. This definition includes posts on JNC for Chief Officers, NJC for Local Government Services' and NHS terms and conditions.

2.0 INFORMATION

- 2.1 The Council's Management Structure is set out within the Articles of the Constitution of the Council and this is updated with any changes to statutory posts.
- 2.2 All statutory roles are designated within the Chief Officer structure.
- 2.3 Chief Officer bandings are determined using the Hay Evaluation criteria. Total Reward for the Senior Leadership Team has been reviewed, and Chief Officers will be assimilated across to new bandings on 1 April 2019.

3.0 Pay Relativities within the Authority

- 3.1 The statutory guidance under the Localism Act recommends the use of pay multiples as a means of measuring the relationship between pay rates across the workforce and that of senior managers, as included within the Hutton 'Review of Fair Pay in the Public Sector' (2010). The Hutton Report was asked by Government to explore the case for a fixed limit on dispersion of pay through a requirement that no public sector manager can earn more than 20 times the lowest paid person in the organisation. The report concluded that the relationship to median earnings was a more relevant measure and the Government's Code of Recommended Practice on Data Transparency recommends the publication of the ratio between highest paid salary and the median average salary of the whole of the Authority's workforce.
- 3.2 The multiple between the median full time equivalent earnings (excluding schools) and the chief executive is 1:6.34 (as at 1 December 2018).
- 3.3 The lowest paid worker is defined as those on the lowest spinal column point of Grade A, which is the Council's lowest pay grade (excluding apprentices). From 1 April 2019, the remuneration of a Grade A (the lowest paid employee) is £17,364 per FTE (excluding apprentices), equating to £9.00 per hour, based on our standard working week of 37 hours.
- 3.4 This places a ratio between the lowest paid and highest paid employee at 1:9.17 from 1 April 2019, which is a significant reduction from 2012 when the ratio was 1:14.
- 3.5 The Council evaluates Chief Officer roles through a defined evaluation method (HAY) to ensure parity and consistency of evaluation within the Council's pay and grading structures.
- 3.6 Senior officer posts outside the Chief Officer Structure, but earning in excess of £50,000 are published as part of the Council's access to public information within the annual accounts. The latest information is contained within the 2017/18 accounts.

4.0 CHIEF OFFICER PAY

- 4.1 This section sets out the Council's policy in relation to Chief Officer remuneration and benefits as set out in the Localism Act 2011.
- 4.2 Levels and elements of remuneration for each Chief Officer:
 - 4.2.1 Each Chief Officer will receive a basic salary as defined by the Council's pay and grading structures commensurate with their levels of responsibility.
 - 4.2.2 Each Chief Officer role will be graded using the Hay Job Evaluation methodology based on the published role profiles and organisational structures.

4.2.3 Each Chief Officer will receive the same local terms and conditions of employment as set out in the Plymouth Book for NJC (Green Book) employees, unless there are different provisions in the JNC for Chief Officers.

4.3 Recruitment and remuneration on engagement of Chief Officers

4.3.1 Chief Officers will be remunerated within an evaluated banding for the role on commencement of service.

4.3.2 As required by law, the appointment and remuneration of Strategic Directors, Assistant Chief Executive and Service Directors is determined by the Council Members through the Chief Officer Appointments Panel, except where there is specific delegation otherwise through Council.

4.4 Increases and additions to remuneration for each Chief Officer

4.4.1 The Council will review each role profile and remuneration of Chief Officers prior to any recruitment or at the creation or substantive change to the existing role.

4.4.2 Increases to pay for Chief Officers on JNC for Chief Officers will occur through the national pay award.

4.4.3 Chief Officers are appointed to a salary within a grade range.

4.5 Performance-related pay (PRP) for Chief Officers

4.5.1 There is no performance-related pay or bonus scheme for Chief Officers. Chief Officers are subject to an annual performance review.

4.6 Chief Officer pay on termination of contract or end of office

4.6.1 Chief Officers will receive their contractual entitlement for termination payments. These entitlements are the same for NJC staff (Green Book). Where the Council is terminating the contract of employment, pay in-lieu of notice (PILON) or paid leave may be granted by the Service Director for Human Resources and Organisational Development.

4.6.2 Redundancy pay for Chief Officers is calculated at the statutory minimum.

4.6.3 Chief Officers may only be dismissed for reasons of ill health, redundancy or by the Chief Officer Dismissals Panel.

4.7 Benefits in Kind

4.7.1 Chief Officers do not receive any benefits in kind. Any benefits, gifts or hospitality must be properly authorised and recorded in accordance with the Officer's Code of Conduct.

4.8 Charges, fee and professional registrations

4.8.1 Professional fees and charges will be made on behalf of statutory officers and deputy statutory officers in respect of their requirement to be registered to practice with the relevant body.

4.9 Increases and enhancement to pension entitlement

4.9.1 The Council's Chief Officers are entitled to become members of the Local Government Pension Scheme (LGPS) or NHS Pension Scheme. Payments and entitlements are subject to LGPS Regulations or NHS Pension Scheme Regulations.

4.9.2 The Council does not enhance pensions or provide added-years to Chief Officers beyond their basic entitlements.

4.9.3 Pension strain costs are borne by the Authority on the redundancy of a Chief Officer in line with all other employees. The Council policy limits the maximum cost of redundancy and pension strain to a maximum of three times the annual salary for payback or complies with legislation at the time. Any situation likely to exceed this amount will be resolved by the Council's Chief Officer Appointments Panel at the point of dismissal.

4.10 Other amounts payable

The award of other payments within the Council's pay policies will be agreed with the Chief Officer Appointments Panel and reported in the Statement of Accounts.

4.11 Chief Officer Policies

4.11.1 Policies adopted for application to the NJC staff (Green Book) will apply to Chief Officers with the exception of matters related to non-executive functions of the Council in relation to Chief Officers such as appointment, investigations and disciplinary action, employment appeals and dismissal.

4.12 Terms and conditions

4.12.1 Chief Officer terms and conditions will mirror those for NJC staff (Green Book). No more or less favourable terms or treatment shall be afforded to Chief Officers in respect of terms and conditions of employment.

4.13 Superannuation (Employer's pension contribution)

4.13.1 The rate of superannuation contributions is determined by the Local Government Pension Scheme Regulations or NHS Pension Scheme.

4.13.2 Superannuation payments are made by the employer into the Local Government Pension Scheme (LGPS)/NHS Pension Scheme. The rate of contribution is defined by the LGPS and is applicable to all employees (including chief officers). The latest Local Government Pension Scheme Regulations 2014 were introduced from 1 April 2014. There will be 9 employee contribution bandings between 5.5% and 12.5%. The LGPS employer contribution is 14.7%. The employer contribution for the NHS Pension Scheme is 14.3%.

4.14 Returning Officer Fees

4.14.1 The designation and duties of the Returning Officer and Electoral Registration Officer are independent of the Council. Officers undertaking these duties may claim for the appropriate allowance. The Council will designate the officer for these purposes.

5 STAFFING RESOURCES

- 5.1 The Council uses the following different staffing resources:
- a) Permanent staff on the establishment
 - b) Temporary fixed term contracts to fill posts on the establishment
 - c) Interims employed through service contracts to fill posts on the establishment
 - d) Interims where there is no established post. For example, where temporary specialist skills are needed to undertake a time limited complex project.

6 REMUNERATION OF INTERIM AND TEMPORARY STAFF

- 6.1 When interim staff are required, the costs of these are subject to competitive marketplace processes. HR&OD officers are fully involved in all such employment arrangements and are aware of all interim appointments in order to assure quality.

7 CHIEF OFFICER APPOINTMENTS PANEL

- 7.1 The Chief Officer Appointments Panel has responsibility for the appointment and remuneration of Chief Officers except where there is specific delegation otherwise through Council. The Council will aim to pay for these services at a rate as close as possible to total employment costs of directly employed staff performing a comparable role, given prevailing market conditions.
- 7.2 Where the Chief Officer Appointments Panel makes a temporary or interim appointment to an established post, then the appointing person or body will have discretion to settle remuneration in line with current market factors.
- 7.3 For other posts where the Council requires an interim resource, which is not a Chief Officer, which may or may not be on the establishment, the Council will aim to pay for these services at a rate of pay as close as possible to total employment costs of directly employed staff performing a comparable role, given prevailing market conditions. However, the appointing person will have discretion to settle salary or fees in line with current market factors. Any such arrangements require authorisation from the Head of Paid Service, Service Director for HR&OD and Service Director for Finance.

8 CONTRACT FOR SERVICES

- 8.1 Where interim resources are determined to be required for a specific role within the Council that cannot be met through the existing establishment, a procurement process is followed to secure the relevant services. Typically sourcing is carried out through compliant frameworks or tendered in accordance with Contract Standing Orders. Procurement Officers are fully involved in these processes.
- 8.2 Unlike staff employed under contracts of employment, the relevant guidance from the Department for Communities and Local Government does not require such appointments to be approved by Council. However, where such posts are classified as Chief Officers for pay policy purposes, those posts should appear in the Statement of Accounts. To ensure that the Council is open and transparent it is proposed to provide details of any such contract where the daily rate equivalent paid by the Council to the contractor (and excluding procurement costs) exceeds £500 per day for duration of more than three months.

9 PUBLICATION

- 9.1 Upon approval by the Council, this statement will be published on the Council's Website and will also be available in additional formats by request.
- 9.2 Chief Officer remuneration (actual payments) will be reported in the Council's Annual Statement of Accounts.
- 9.3 Payments in respect of the use of interim management services are also available on the council website, where the daily rate equivalent paid by the Council exceeds £500 per day for more than a period of three months. These payments include all agency fees, and exclude VAT.
- 9.4 In addition, for employees where the full time equivalent salary is £50,000 or more, excluding employer superannuation contributions, the Council's Annual Statement of Accounts will include the number of employees in bands of £5,000.
- 9.5 The Annual Statement of Accounts can be found here:

https://www.plymouth.gov.uk/sites/default/files/2017_18_Statement_of_Accounts_%28FINAL%29.pdf

EQUALITY IMPACT ASSESSMENT

CHIEF OFFICER TOTAL REWARD.



STAGE 1: WHAT IS BEING ASSESSED AND BY WHOM?

What is being assessed - including a brief description of aims and objectives?	<p>Members have asked that PCC reviews how it remunerates the senior leadership team. There is an ongoing proposal about changes to this and comments will be sought on proposals. This document assesses the impact of the proposals.</p> <p>Aim: To ensure the work does not disproportionality, detrimentally affect individuals with protected characteristics as defined within the Equality Act 2010. We will also seek to avoid any indirect impact on those within these groups that we cannot objectively justify.</p>
Author	BERNADETTE SMITH
Department and service	HR & OD
Date of assessment	14 March 2019

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STAGE 2: EVIDENCE AND IMPACT

Protected characteristics (Equality Act)	Evidence and information (eg data and feedback)	Any adverse impact See guidance on how to make judgement	Actions	Timescale and who is responsible
Age	<p>The age profile of the affected staff is:</p> <p>People in their 30s = 0</p> <p>People in their 40s = 6 40%</p> <p>People in their 50s = 6 40%</p> <p>People in their 60s = 3 20%</p> <p>Nb there are a number of vacancies.</p>	None anticipated as criteria applied will not relate to age of employee.		

Disability	We are not aware of anyone 'in scope' having declared a disability but we don't want to assume this is necessarily the case.	None anticipated however we will adjust our approach if any part of the process requires this. No criteria applied will relate to disability.		
Faith/religion or belief	Insufficient data declared by those in scope.	N/A – no criteria applied relate to faith, religion or belief.		
Gender - including marriage, pregnancy and maternity	The gender profile of the people affected is: Female = 57% Male = 43%	None anticipated but we will review this before and after any proposals are finalised. We already report on the Gender Pay Gap in this organisation.		
Gender reassignment	Data not available for those in scope. We are not aware of anyone 'in scope' undergoing gender reassignment.	None anticipated		
Race	The race profile of the people affected is: White British = 100%	None anticipated and not a criteria for this activity.		
Sexual orientation - including civil partnership	Insufficient data supplied.	None anticipated and not a criteria for this activity.		

STAGE 3: ARE THERE ANY IMPLICATIONS FOR THE FOLLOWING? IF SO, PLEASE RECORD ACTIONS TO BE TAKEN

Local priorities	Implications	Timescale and who is responsible
Reduce the gap in average hourly pay between men and women by 2020.	<p>The Council is committed to the principle of equal opportunities and equal treatment for all employees. It has a clear policy of paying employees equally for the same or equivalent work, regardless of their gender. The Council operates a comprehensive job evaluation scheme to ensure that rates of pay are fair and based solely on the work being done.</p> <p>The Council evaluates Chief Officer roles through a defined evaluation method (HAY) to ensure parity and consistency of evaluation within the Council's pay and grading structures.</p>	

	Plymouth City Council (PCC) has over 250 employees and is required by law to publish an annual gender pay gap report that reports specific figures about our gender pay gap. A link to the latest report published is here https://www.plymouth.gov.uk/sites/default/files/GenderPayGapReport2017.pdf	
Increase the number of hate crime incidents reported and maintain good satisfaction rates in dealing with racist, disablist, homophobic, transphobic and faith, religion and belief incidents by 2020.	None for this piece of work.	
Good relations between different communities (community cohesion)	None for this piece of work.	
Human rights Please refer to guidance	Any processes are undertaken in line with relevant legislation, statutory arrangements or codes of practice etc.	

STAGE 4: PUBLICATION

Responsible Officer Alison Mills, Head of HR Specialist Services

Date 15 March 2019

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