

## PLYMOUTH CITY COUNCIL

**Subject:** Pay Policy Statement 2015/16  
**Committee:** City Council  
**Date:** 26 January 2015  
**Cabinet Member:** Councillor Peter Smith  
**CMT Member:** Tracey Lee (Chief Executive)  
**Author:** Emma Rose, Head of Health, Safety and Wellbeing  
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Tel: 01752 312571

**Ref:**

**Key Decision:** No

**Part:** I

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### **Purpose of the report:**

Under Section 38 and 39 of the Localism Act 2011, the Council is required to approve a statement on the remuneration of staff by 31 March 2015.

The statement, which is prescribed in terms of content, sets out the Council's policies in respect of remuneration. There are no proposed changes to policies; the statement is simply a summary of the key provisions as required by the Localism Act. The Council is therefore not being asked to approve the policies, but simply approve the statement which sets out existing policies.

To address low pay, the Council has introduced the Living Wage, by adding a discretionary, non-contractual market supplement topping up to £7.65 per hour (current rate) and the Council is recommended to apply for Living Wage accreditation to recognise the action taken.

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### **The Brilliant Co-operative Council Corporate Plan 2013/14 – 2016/17:**

The production of the pay policy statement is a statutory requirement, which demonstrates value for communities and enhances the transparency of staff remuneration. This statement also supports the stated outcome in the corporate plan that we use our resources wisely

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### **Implications for Medium Term Financial Plan and Resource Implications:**

#### **Including finance, human, IT and land:**

There are no increased risks or resource implications as a result of setting and publishing this statement. It confirms what is in place.

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

None arising directly from this report.

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### **Equality and Diversity:**

Has an Equality Impact Assessment been undertaken? No, the scope of the Pay Policy Statement remains the same as for previous years.

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**Recommendations and Reasons for recommended action:**

The City Council –

- (1) approves the Pay Policy Statement 2015/16;
- (2) applies for Living Wage accreditation

Reasons

As set out in the report.

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**Alternative options considered and rejected:**

None, this statement is a statutory requirement.

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**Published work / information:**

Annual Statement of Accounts

<http://www.plymouth.gov.uk/homepage/councilanddemocracy/aboutus/budgetfinances/accounts.htm>

Localism Act 2011

<http://www.legislation.gov.uk/ukpga/2011/20/contents/enacted>

**Background papers:**

None

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**Sign off:**

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Originating SMT Member: Chris Squire													
Has the Cabinet Member(s) agreed the content of the report? Yes													

## **1.0 BACKGROUND**

- 1.1 Under Section 38(1) of the Localism Act 2011 the Council is required to prepare a pay policy statement each financial year. This first pay policy statement was approved for 2013/14. This statement must be approved by the City Council. The provisions of the Act do not apply to local authority schools.
- 1.2 Approved pay policy statements must be published on the Council's website as soon as reasonably practicable after being approved. The Act also requires that the Council include in its pay policy statement its approach to the publication and access to information relating to the remuneration of chief officers. In previous years, this data has been contained within appendices of the pay policy statement. It has also been available elsewhere, including within the annual statement of accounts. In support of improvements in transparency, and mindful of additional requirements of the Local Government Transparency Code 2014, the Pay Policy Statement 2015/16 signposts the reader to a central point of information on the Plymouth City Council website for remuneration data.
- 1.3 Section 38(1) of the Act also requires the Council to set out its policy on remuneration for its highest paid staff alongside its policies towards its lowest paid employees. For the Pay Policy Statement for 2013/14, this relationship was at a ratio of 1:14. This was reduced to 1:10 by 2014/15 and has been maintained at that level.
- 1.4 When setting pay policy statements, the Council must have regard to any guidance issued by the Secretary of State. In February 2012 guidance was published under section 40 of the Localism Act. Supplementary guidance was published in February 2013. Due regard was given to that guidance in the preparation of this policy.
- 1.5 The policy statement must be approved by a resolution of City Council before it comes into force. Once in force it must be complied with, although it may be amended by full Council during the financial year. It must always be published on the Council's website as soon as reasonably practicable after approval or amendment.
- 1.6 The following document sets out the proposed pay policy statement for Plymouth City Council in 2015/16.



# PAY POLICY STATEMENT

2015 - 2016



**PLYMOUTH**  
CITY COUNCIL

## 1.0 CONTEXT

- 1.1 As a co-operative council, 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 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 2015/16 financial year and will be subject to review again for 2016/17 in accordance with the relevant legislation prevailing at that time.
- 1.5 In 2013 we published our corporate plan in which we set out our vision, objectives, outcomes and values. Our ambition is to become a brilliant co-operative council and deliver our priorities for the city despite a projected £64.5 million funding gap caused by Government cuts, rising costs and increasing demand for services.
- 1.6 As a broad principle, the Council adopts the terms and conditions of employment for Chief Officers that apply to NJC staff (Green Book) and the local variations as set out in the Plymouth Book.
- 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.
- 1.9 The Head of Paid Service (Chief Executive) is accountable to the Council for the discharge of her duties.
- 1.10 For the purposes of this Pay Policy Statement, all references to Chief Officer includes Deputy Chief Officers. These are roles that report directly to a Chief Officer, apart from clerical and administrative posts.

## 2.0 INFORMATION

- 2.1 The Council's Chief Officer Structure is set out within the Constitution of the Council and the Constitution is updated with any changes to statutory posts.
- 2.2 All statutory roles are designated within the Chief Officer structure.
- 2.3 Chief Officer grades and salary are determined using the Hay Evaluation criteria.
- 2.4 For the purposes of this Pay Policy Statement, the Council is required to define and set out the reasons for the definition of the lowest paid employee (see 3.1). The Council's pay and grading structure is set out in Appendix One.

## 3.0 FAIR PAY

- 3.1 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 January 2015 to 31 March 2016, the remuneration of a Grade A (the lowest paid employee) is £13,500 (£16,213.5 inclusive of current pension on-costs). To address the low pay, the Council has introduced the Living Wage, by adding a discretionary, non-contractual market supplement topping up to £7.65 per hour (current rate). The FTE pay for the lowest paid worker is therefore £14,759 based on our standard working week of 37 hours. (£17,725 inclusive of current pension on-costs). This will uplift all employees on spinal points 5 to 10 (Appendix One) to a Living Wage rate.<sup>1</sup>

This places the value ratio between the lowest paid and highest paid employee at 1:10, which is a significant reduction from 2012 when the ratio was 1:14.

- 3.2 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.
- 3.3 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.

## 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 level of responsibilities.
  - 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 terms and conditions of employment as set out in the Plymouth Book for NJC (Green Book) employees.

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<sup>1</sup> Living Wage rate has increased to £7.85. It is anticipated to implement the new rate from April 2015.

4.2.4 Market supplements and additional payments for Chief Officers will be time limited to a maximum of two years from their commencement. The terms of additional payments (not including relocation expenses) will be agreed by the Appointments Panel, including the application of Market Factor Supplements.

Extensions beyond two years will also require the approval from Appointments Panel and will be reported as an exception to the Council's published Pay Policy Statement.

#### 4.3 Recruitment and remuneration on engagement of Chief Officers

4.3.1 Chief Officers will be remunerated at the evaluated grade for the role on commencement of service.

4.3.2 As required by law, the appointment and remuneration of Chief Officers is determined by the Council Members through the Appointments Panel.

#### 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 will occur through any national pay award to JNC for Chief Officers.

4.4.3 Chief Officers are appointed on spot salaries. There is no spine point progression for Chief Officers.

#### 4.5 Performance-related pay (PRP) for Chief Officers

4.5.1 There is no performance-related pay scheme for Chief Officers. Chief Officers are subject to an annual appraisal of performance.

#### 4.6 Bonuses for Chief Officers

4.6.1 There is no performance-related pay scheme for Chief Officers.

#### 4.7 Chief Officer pay on termination of contract or end of office

4.7.1 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 Assistant Director for Human Resources and Organisational Development.

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

4.7.3 Chief Officers may only be dismissed by a panel of Members (Councillors) within the Council's usual policies and procedures for disciplinary and dismissal.

#### 4.8 Benefits in Kind

4.8.1 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.

#### 4.9 Charges, fee and professional registrations

4.9.1 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.

#### 4.10 Increases and enhancement to pension entitlement

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

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

4.10.3 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. Any situation likely to exceed this amount will be resolved by the Council's Appointments Panel at the point of dismissal.

#### 4.11 Other amounts payable

4.11.1 There are currently no other entitlements for additional payments for Chief Officers. The award of other payments with the Council's pay policies will be agreed with the Appointments Panel.

#### 4.12 Chief Officer Policies

4.12.1 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.

#### 4.13 Terms and conditions

4.13.1 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.

#### 4.14 Superannuation (Employer's pension contribution)

4.14.1 The rate of superannuation contributions is determined by the Local Government Pension Scheme Regulations.



4.14.2 Superannuation payments are made by the employer into the Local Government Pension Scheme (LGPS). The rate of contribution is defined by the LGPS and is applicable to all employees (including chief officers). The Local Government Pension Scheme Regulations 2014 will be introduced from 1 April 2014. There will be 9 employee contribution bandings between 5.5% and 12.5%. The indicative employer contribution rate from 1 April 2014 will be increased to 20.1%, from 19.4%.

The contribution rate is made up of two elements – A Future Service Rate of 13.7% and a notional Past Deficit Recovery rate of 6.4%. The PDR is equivalent to a cash shortfall PCC must pay to the fund to cover our deficit. To truly represent the pension costs of the individuals, 13.7% is the cost of their ongoing pension provision. The previous rate used 19.4% was split 14.3% / 5.1%.

#### 4.15 Returning Officer Fees

4.15.1 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 Where interim resources are determined to be required for a specific role within the Council, a procurement process is followed. Typically sourcing is carried out through the Managed Supplier arrangements provided by the Council's procured supplier, through UK Government Framework contracts tendered through OJEU processes, other OJEU compliant frameworks, or Council standard low value procurement processes. Procurement Officers are fully involved in these processes.

6.2 When interim staff are required for a role, the costs of these are subject to competitive marketplace processes. HR/Procurement staff are fully involved and aware of all interim appointments in order to assure quality.

## **7 CHIEF OFFICER APPOINTMENTS PANEL**

- 7.1 The Chief Officer's 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's Appointments Panel make 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, Assistant Director for HR and Organisational Development and Assistant Director for Finance.

## **8 CONTRACT FOR SERVICES**

- 8.1 On occasion it will be more appropriate to engage interim staff through the use of a contract for services. 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 on the Pay Policy Statement. 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 in the Annual Statement of Accounts 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 Councils 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:  
<http://www.plymouth.gov.uk/homepage/councilanddemocracy/aboutus/budgetfinances/accounts.htm>

## APPENDIX ONE

Pay and grading structure post pay review

### NJC for Local Government Services - Pay Rates January 2015 to March 2016

Grade	SCP	FTE Salary 01/01/2015 to 31/03/2016	Hourly Rate	Living Wage Supplement from 01/01/2015  (£7.65) <sup>2</sup>
A	5	£13,500	£6.9974	Y
A	6	£13,614	£7.0565	Y
A	7	£13,715	£7.1088	Y
A	8	£13,871	£7.1897	Y
B	9	£14,075	£7.2954	Y
B	10	£14,338	£7.4317	Y
B	11	£15,207	£7.8822	
B	12	£15,523	£8.0460	
B	13	£15,941	£8.2626	
C	14	£16,231	£8.4129	
C	15	£16,572	£8.5897	
C	16	£16,969	£8.7955	
C	17	£17,372	£9.0043	
C	18	£17,714	£9.1816	
D	19	£18,376	£9.5247	
D	20	£19,048	£9.8731	
D	21	£19,742	£10.2328	
D	22	£20,253	£10.4976	
D	23	£20,849	£10.8066	
E	24	£21,530	£11.1595	
E	25	£22,212	£11.5130	
E	26	£22,937	£11.8888	
E	27	£23,698	£12.2833	
F	28	£24,472	£12.6845	
F	29	£25,440	£13.1862	
F	30	£26,293	£13.6283	
F	31	£27,123	£14.0585	
G	32	£27,924	£14.4737	

<sup>2</sup> Rate has increased to £7.85 and is anticipated to be implemented from April 2015

G	33	£28,746	£14.8998
G	34	£29,558	£15.3207
G	35	£30,178	£15.6420
H	36	£30,978	£16.0567
H	37	£31,846	£16.5066
H	38	£32,778	£16.9897
H	39	£33,857	£17.5489
H	40	£34,746	£18.0097
I	41	£35,662	£18.4845
I	42	£36,571	£18.9557
I	43	£37,483	£19.4284
I	44	£38,405	£19.9063
I	45	£39,267	£20.3531
I	46	£40,217	£20.8455
J	47	£41,140	£21.3239
J	48	£42,053	£21.7971
J	49	£42,957	£22.2657
J	50	£43,859	£22.7332
J	51	£44,775	£23.2080
J	52	£45,695	£23.6849
K	53	£46,633	£24.1711
K	54	£47,556	£24.6495
K	55	£48,463	£25.1196
K	56	£49,473	£25.6431
K	57	£50,383	£26.1148
L	58	£51,302	£26.5911
L	59	£52,213	£27.0633
L	60	£53,124	£27.5355
L	61	£54,032	£28.0062
L	62	£54,949	£28.4815

Previous years pay data for all employees (including interims) can be found in our Statement of Accounts:  
<http://www.plymouth.gov.uk/homepage/councilanddemocracy/aboutus/budgetfinances/accounts.htm>