

PLYMOUTH CITY COUNCIL

Subject:	Pay Policy Statement 2019/2020
Committee:	City Council
Date:	28 January 2019
Cabinet Member:	Cllr Peter Smith (Deputy Leader)
CMT Member:	Tracey Lee, Chief Executive
Author:	Alison Mills, Head of HR Specialist Services, Human Resources and Organisational Development
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Key Decision:	No
Part:	I

Purpose of the report:

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.

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.

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.

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

The last pay awards for 2018/20 for the NJC for Local Government Services, the JNC for Chief Executives and the JNC for Chief Officers were two year deals, with employees receiving a minimum of 2%. The NJC pay award also requires assimilation to a new structure from 1 April 2019.

It should be noted that there is pending legislation around exit arrangements which could affect Chief Officers of the Council. The impact will be considered during implementation and may require amendments to this Pay Policy Statement for 2019-20.

The Pay Policy 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.

Corporate Plan:

The Council's Pay Policy Statement is a statutory requirement, which supports the council's values.
V2 January 2019

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

The medium term financial strategy includes the financial implications of this report.

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

None arising directly from this report.

Equality and Diversity:

Has an Equality Impact Assessment been undertaken?

An Equality Impact Assessment is attached

Recommendations and Reasons for recommended action:

The City Council approves the Pay Policy Statement for 2019/20.

Alternative options considered and rejected:

None, this statement is a statutory requirement.

Published work / information:

Annual Statement of Accounts

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

Localism Act 2011

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

Background papers:

None

Title	Part I	Part II	Exemption Paragraph Number							
			1	2	3	4	5	6	7	

Sign off:

Fin	Pl.18 .19.1 85	Leg	Lt/318 87/17 01	Mon Off	Lt/318 87/17 01	HR	AM19 0117	Asse ts	-	IT	-	Strat Proc	-
Originating SMT Member: Tracey Lee													
Has the Cabinet Member(s) agreed the content of the report? Yes													

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 grades and salary are determined using the Hay Evaluation criteria.

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 2076/18 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.

4.2.4 When market supplements and additional payments are considered for Chief Officers, the terms of additional payments (not including relocation expenses) will be agreed by the Chief Officer Appointments Committee, including the application of Market Factor Supplements.

Extensions beyond two years will also require the approval from the Chief Officer Appointments Committee and the payments will be reported in the Council's published Statement of Accounts.

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 Strategic Directors, Assistant Chief Executive and Service Directors is determined by the Council Members through the Chief Officer Appointments Committee, 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 on spot salaries. There is no spine point progression for Chief Officers on JNC for Chief Officers.

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 redundancy or by the Chief Officer Dismissals Committee.

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 Committee 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 Committee 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 COMMITTEE**

- 7.1 The Chief Officer Appointments Committee 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 Committee 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