

## CAMBRIDGE CITY COUNCIL

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REPORT OF: Head of Human Resources  
TO: Civic Affairs Committee  
WARDS: All wards

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### **Report title: Pay Policy Statement 2014/15**

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#### **1 INTRODUCTION**

- 1.1 This report sets out a draft pay policy statement as required under the Localism Act. The Localism Act requires the Council to have considered, approved and published a pay policy statement for each financial year. This must be approved by Full Council and be in place by 31<sup>st</sup> March each year.
- 1.2 The pay policy statement covers posts designated 'chief officer'. For Cambridge City Council this includes the chief executive, directors and heads of service. The areas to be covered in the statement are: salary, expenses, bonuses, performance-related pay, severance payments, how election fees are paid and the pay policy on re-engagement of ex-employees. The Localism Act also requires the statement to define the lowest paid employees and the ratio to the highest earning employee.
- 1.3 Government guidance issued since the Council approved its pay policy statement for 2013/14 contains additional recommendations regarding salary and severance packages over £100,000. The guidance recommends that Full Council should be given the opportunity to vote before salary packages of £100,000 or more are offered in respect of a new appointment, and that this should be articulated in the pay policy statement. The proposed pay policy for 2014/15 has been amended to follow the guidance. In practice, this provision would only apply currently to appointment at Chief Executive level.

- 1.4 Similar guidance is given regarding severance packages of £100,000 or more. The guidance says that “salary packages” include “salary, any bonuses, fees or allowances routinely payable to the appointee and any benefits in kind to which the officer is entitled as a result of their employment”. “Severance packages” should include “salary paid in lieu, redundancy compensation, pension entitlements, holiday pay and any bonuses, fees or allowances paid”. It is recommended that salary or severance packages of £100,000 or more may only be authorised by Full Council after consideration by the Employment (Senior Officer) Committee. This entails an amendment to the terms of reference of the Employment (Senior Officer) Committee, set out in the recommendations in 2.0 below.
- 1.5 On the 20<sup>th</sup> January 2014 the Strategy and Resources Scrutiny Committee will be considering a report on the review of the payment of the Living Wage to agency workers. The Civic Affairs Committee are asked to note that the Pay Policy Statement 2014/15 has been updated to reflect the recommendation to continue with the Living Wage policy in respect of agency workers, to remove the previous reference to the 12 month review of the payment of the Living Wage to agency workers and to make explicit reference to paying the Living Wage at the current national rate, i.e including any revised rate.

## **2 RECOMMENDATIONS**

### **The Civic Affairs Committee is asked to:**

- 2.1 Recommend that only full Council may authorise salary or severance packages of £100,000 or more, following consideration by the Employment (Senior Officer) Committee.
- 2.2 Recommend that the terms of reference of the Employment (Senior Officer) Committee are amended by the addition of:  
  
“To make recommendations to Council with regard to proposals for salary or severance packages of £100,000 or more.”
- 2.3 Note the recommendations of the Strategy and Resources Scrutiny Committee in relation to review of the Living Wage Policy for agency workers (to be circulated following the Strategy and Resources Scrutiny Committee).
- 2.4 Consider and recommend to Council the draft Pay Policy Statement 2014/15 attached as Appendix 1.

### **3.0. IMPLICATIONS**

#### **(a) Financial Implications**

There are no financial implications arising from this the report.

#### **(b) Staffing Implications**

This report relates to the pay, terms and conditions of staff.

#### **(c) Equal Opportunities Implications**

An EQIA has not been prepared for this report.

#### **(d) Environmental Implications**

The proposal has no climate change impact.

#### **(e) Community Safety**

This report relates to the pay, terms and conditions of staff and does not impact directly on community safety matters.

**BACKGROUND PAPERS:** The following are the background papers that were used in the preparation of this report:

- Pay Policy Statement 2013/14
- Provisions of the Localism Act relating to chief officer pay statements
- Strategy and Resources Scrutiny Committee Report on the Review of the Living Wage 20 January 2014
- Communities and Local Government Openness and accountability in local pay: Guidance under section 40 of the Localism Act February 2012 and Supplementary Guidance February 2013.
- Local Government Association Localism Act: Pay Policy Statements Guidance (November 2011) and Supplementary Notes 1 and 2.

The author and contact officer for queries on the report is Deborah Simpson, Head of HR on extension 8101.

Report file:

Date originated: 20 January 2014

Date of last revision: 20 January 2014

## Pay Policy Statement 2014/15

### Scope

This pay policy statement covers the posts of the chief executive, all directors and all heads of service within the JNC 1 and JNC 2 grades.

### Salary

The current salary scales for the chief executive, directors and heads of service are shown below. The pay scales were revised in 2012 as part of the Council's review of pay, terms and conditions.

Progression through the pay band (a four point scale) is subject to a range of criteria that are currently assessed via the annual performance review.

<b>Chief Executive</b>	108639	113252	117859	122503
<b>Director</b>	82161	85406	88646	91891
<b>Head of service</b>				
<b>JNC1</b>	63778	65951	68090	70263
<b>JNC2</b>	55120	57293	59466	61605

### Pay Awards

Pay awards are nationally determined in accordance with the Joint Negotiating Committee (JNC) for Chief Executives and the Joint Negotiating Committee (JNC) for Chief Officers.

### Terms and Conditions of Employment

The terms and conditions of employment for the chief executive, directors and heads of service within the scope of this pay policy statement are determined in accordance with collective agreements, negotiated from time to time, by the JNC for Chief Executives and the JNC for Chief Officers, as set out in the Scheme of Conditions of Service. These are supplemented by local collective agreements reached with trade unions recognized by the Council and by the rules of the Council.

### Remuneration on Recruitment

Recruitment to the posts of chief executive and director is undertaken by a committee of councillors appointed by Council, but in the case of the chief executive, the appointment is made by Full Council, following a recommendation from the Employment (Senior Officer)

Committee. The salary on recruitment will be within the current salary range for these posts at that time.

Recruitment to posts of head of service is undertaken by the chief executive or a director and is subject to notification to Executive Councillors before a job offer can be made. The salary on recruitment will be within the current salary range for these posts at that time.

There are occasions when the salary determined by the grading for a post results in an inability to successfully recruit to or retain staff in particular posts or specific occupational areas, due to fluctuations in the labour market supply. These recruitment and retention problems can affect ability to deliver services. In such cases it may be appropriate to pay a market supplement in addition to the salary where there is evidence to justify that market factors are the “material reason” for the post attracting a higher rate of pay than other posts graded similarly. Any additional market supplement will be made in accordance with the Market Pay Policy.

Rules governing the recruitment of the chief executive, directors and heads of service are set out in the councils constitution in section; Part 41, Officer Employment Procedure Rules

### **Bonuses**

There are no bonus arrangements payable to the chief executive, directors or heads of service.

### **Performance Related Pay**

Performance and progression through the pay band is assessed annually in line with the Council’s performance review schemes. For the chief executive and directors, performance is assessed by a panel of councillors, the Chief Officer Performance Review Working Party. For heads of service, performance is assessed by their director.

There is no performance related pay scheme outside of the performance review scheme, which determines the salary point of an officer, within the salary scale set out above.

### **Salaries over £100,000**

The post of chief executive is the sole post which carries a salary range of over £100,000.

### **Publication of salary data**

Salary data for the chief executive, directors and heads of service is published on the councils website, in the Open Data, Senior Council Officers section.

For the chief executive and directors this includes name, job description and actual salary, and for the chief executive, expenses and any election fees paid. For the heads of service this includes salary by post title.

This pay policy statement once approved by Full Council will be published on the Councils website.

## **Expenses**

The expenses which may be payable to the chief executive, a director or head of service include:

- car/bicycle/motorcycle allowances at HMRC rates
- re-imburement of travel and subsistence
- one professional subscription per annum
- payments under the eye sight tests scheme
- relocation assistance in accordance with the Relocation Scheme

## **Severance Payments**

Severance payments are made in accordance with the council's employment policies and are the same for all staff.

Employees with more than two years service will be entitled to redundancy pay in line with local government guidelines and statutory provisions. Redundant employees may receive the following elements in their final pay:

- Normal pay up to the agreed leaving date
- Where applicable, payment in lieu of outstanding notice
- Severance payment (where entitled).

Under the council's redundancy scheme a weeks pay will be calculated on the basis of actual contractual pay. Additional benefits are not included. Cambridge City Council will not apply the statutory weeks pay definition.

Employees in the pension scheme and who are over age 55 are entitled to immediate onset of pension benefits based on actual reckonable service if:

- They are over 55 at the termination date
- They have 3 or more months membership in the Local Government Pension Scheme (LGPS) or have brought in a transfer from another pension scheme

Once an employee is in receipt of early payment of pension benefits, if their total pay and pension benefits together (if reemployed by another employer covered by the Local Government Modification order) exceeds their salary as at the leaving date, the difference may be claimed back from pension payments.

An employee will lose their entitlement to redundancy pay if they take up a post with another body covered by the Redundancy Payments (Local Government) (Modification) (Amendment) Orders within 4 weeks of the date of the redundancy and the offer of the new job has been made before the end of the original contract.

The chief executive, monitoring officer and chief finance officer can only be dismissed by the full council. All other directors and heads of service can only be dismissed in accordance with the Councils constitution, Part 41, Officer Employment Procedure Rules.

Any proposals with a salary or severance package with a total value over £100k will be reported by the Employment (Senior Officer) Committee to Full Council for decision.

## **Pension and Pension Enhancements**

The employees within the scope of this pay policy are entitled to and receive pension contributions from the Local Government Pension Scheme (LGPS). This is a contributory scheme and they currently contribute between 7.2 and 7.5% of their pensionable pay to the scheme (to rise to between 8.5 to 11.4 % when the LGPS 2014 comes into effect in April 2014).

The employer contribution rate is currently 18.6%, i.e the council contributes 18.6% of pensionable pay to the pension of a member of staff within the pension scheme. The rate of 18.6% is the same for all staff. The rate is reviewed every 3 years following a valuation of the fund by the appointed actuaries and is currently being reviewed. The current tri-annual evaluation has identified the need to increase the contribution rate. The anticipated increase in rates which are subject to the actuaries report and will not become final until that time indicate contribution rates of 21.6% for 2014/15, 22.6% for 2015/16 and 24.6% for 2016/17.

The Council's discretions on enhancement of pension are set out in the Pensions Discretion Statement 2012. This policy was approved by the Civic Affairs Committee on the 21<sup>st</sup> November 2012. The policy was reviewed in line with the requirement that Council officers review the statement every 3 years and / or in line with changes to the Local Government Pension Scheme (LGPS) as advised by the Local Government Pensions Committee (LGPC) and the Administering Authority (Cambridgeshire County Council), and any recommended changes will go before Civic Affairs for approval.

### **Relationship to lowest paid and median average of employees**

The lowest paid staff within the Council are on Band 1 of the Council's pay structure. For this reason we have chosen staff employed on Band 1 as our definition of the 'lowest paid' for the purposes of this policy.

Band 1 currently ranges from £13,725 to £15,882 per annum.

The terms and conditions of employment for Band 1 staff are in accordance with collective agreements, negotiated from time to time, by the National Joint Council for Local Government Services, as set out in the Scheme of Conditions of Service (commonly known as the Green Book). These are supplemented by local collective agreements reached with trade unions recognised by the Council and by the rules of the Council.

Pay policies which apply to Band 1 employees include:

- car/bicycle/motorcycle mileage at HMRC rates
- re-imbursment for travel and subsistence
- overtime/enhanced rates
- standby and callout arrangements
- one professional subscription per annum
- payments under the eye sight tests scheme

The highest paid officer of the council is the chief executive, with a current salary of £117,859. The chief executive's current salary scale runs from £108,639 to £122,503.

The ratio between the highest and lowest pay points on each scale is - 1:8.9

The ratio of the chief executive's current salary and the lowest pay point is 1:8.6

The median average salary of all Cambridge City Council staff is £27,000.

The ratio of the chief executive's current salary to the median average salary is 1:4.4.

The Council does not have a policy on maintaining or reaching a specific pay ratio between the lowest and highest paid staff.

### **Living Wage**

The Council has adopted a Living Wage policy for staff, agency workers and contractors engaged through the Council's Procurement processes.

The Council will pay the national Living Wage rate for Cambridge City Council staff, by way of a supplement to pay rates.

The Council will pay the minimum of the national Living Wage rate to agency workers after 4 weeks of their engagement with the City Council.

The Council will encourage contractors to adopt the Living Wage through the Council's procurement processes.

The Living Wage is £7.65 per hour (£14,759 per annum). The pay ratios based on the Living Wage of £7.65 are as follows:

The ratio between the highest and lowest pay points on each scale is – 1:8.3

The ratio of the chief executive's current salary and the lowest pay point is - 1:8.0

The median average salary of all Cambridge City Council staff is £27,000.

The ratio of the chief executive's current salary to the median average salary is – 1:4.4

### **Election Fees**

The Returning Officer is the person who has the overall responsibility for the conduct of elections. The Returning Officer is an officer of the Council who is appointed under the Representation of the People Act 1983. Although appointed by the Council the role of the Returning Officer is one of a personal nature and distinct and separate from their duties as an employee of the Council. Elections fees are paid for these additional duties and they are paid separately to salary.

The Chief Executive is the council's Returning Officer.

The fees for Parliamentary, Police Commissioner and Euro Elections are set by the Electoral Commission. The fees for Parliamentary and European Elections are pensionable.

Fees for local elections are set locally and current fees were agreed by the Civic Affairs Committee in April 2010 as £373 per contested ward and £55 per uncontested ward. Fees for district elections are pensionable.



Other officers, including senior officers within the scope of this policy, may receive additional payment for specific election duties.

### **Tax Avoidance**

The Council takes tax avoidance seriously and will seek to appoint individuals to vacant positions using the recruitment procedures on the basis of contracts of employment and apply direct tax and National Insurance deductions from pay through the operation of PAYE.

Where consultants are recruited the Council will seek to avoid contractual arrangements which could be perceived as being primarily designed to reduce significantly the rate of tax paid by that person, such as paying the individual through a company effectively, controlled by him or her.

These principles will be embedded in contract clauses and guidance for managers when employing consultants.

### **Re-engagement of ex City Council staff within the scope of this policy**

All permanent or fixed term posts are advertised in accordance with the council's recruitment policies and appointment is made on merit.

Interim management appointments are made in accordance with the council's procurement policies and the provisions for contract for services.

The council will not engage an ex city council member of staff within the scope of this policy outside of these arrangements.

**January 2014**