

PAY POLICY CHANGES AND DRAFT PAY POLICY STATEMENT 2024/2025

**To:**

Civic Affairs Committee [07/02/2024]

Report by:

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Wards affected:

All

1. Introduction / Executive Summary

- 1.1 In 2015, the Secretary of State for Communities and Local Government issued the Local Government Transparency Code 2015. The code sets out the key principles in making local authorities more transparent and accountable to local people. The Council has been, and continues to be, proactive in its compliance with this and the following report provides detail on the Council's pay practices to satisfy the requirements of the code.
- 1.2 Under the Localism Act 2011, Local Authorities are required to prepare a Pay Policy Statement for each financial year. These statements must articulate an authority's own policies towards a range of issues relating to the pay of its workforce, particularly its senior staff (or 'chief officers') and its lowest paid employees.
- 1.3 Attached at Appendix 1, this policy statement must be approved by a resolution of the authority, i.e., full Council, and is required to be published by 31 March.
- 1.4 The pay policy statement outlines the Council's approach to pay and reward for all staff, separating out Chief Officers where necessary to satisfy the requirements of the Localism Act. For Cambridge City Council, the definition of Chief Officer includes the grades of Chief Executive, Director and Assistant Director.
- 1.5 In line with the annual review of the pay policy statement, the HR team have reviewed the additional elements of pay that are outlined in the pay policy and have

developed some pay and policy recommendations for Civic Affairs to consider. The changes proposed are outlined below, and the pay policy statement has been updated to reflect these recommendations.

- 1.6 Section 6 of this report provides a recommendation in a change to the delegation as considered by Employment (Senior Officer) Committee in November 2023.
- 1.7 Additionally, this report updates Civic Affairs Committee on the uplifts applied to City Council pay scales in line with national pay awards.

2. Recommendations

The Civic Affairs Committee is asked to consider the changes and recommendations proposed to pay approaches as outlined in this report, specifically;

- a. The recommendation that all Director and Assistant Director roles are evaluated using the HAY Job Evaluation methodology.
- b. The introduction of an Additional Responsibility Allowance to recompense colleagues for taking on additional responsibility above and beyond their current role.
- c. The increase of the Cambridge Weighting rate from £11.00 per hour to £12.50 per hour.
- d. The inclusion of apprentices into the Real Living Wage and Cambridge Weighting pay, meaning that no apprentice with Cambridge City Council will earn less than £12.50 per hour on 1 April 2024.
- e. The recommendation that the Investors in People accreditation is not renewed in November 2024.
- f. The change in delegation for fixed term non-leadership team Director level roles and to recommend to Council to amend the Constitution in accordance with paragraph 6.3 of this report.
- g. Review and recommend to Council the draft Pay Policy Statement 2024/2025 attached as Appendix 1.
- h. Note the implementation of the nationally negotiated pay awards.

3. Changes to Pay Approaches

3.1 Additional Responsibility Allowance

- 3.1.1 It is proposed that an additional mechanism for rewarding colleagues who take on work above and beyond their current role is introduced in the form of an Additional Responsibility Allowance. Whilst employees are already often rewarded for additional work undertaken, the mechanism currently used is the honorarium

scheme which is better suited for one-off payments to recognise exceptional work or achievements.

3.2 Cambridge Weighting

- 3.2.1 The Council pays a Cambridge Weighting to employees on City Council terms and conditions of employment and related agency workers earning less than the approved rate per hour. The weighting is paid in addition to salary and the Real Living Wage supplement.
- 3.2.2 The Real Living Wage Foundation rate of pay increased in November 2023 to £12.00 per hour, higher than the Council's existing Cambridge Weighting rate of £11.00 per hour. It is proposed that the Cambridge Weighting allowance is increased to £12.50 per hour from 1st April 2024.
- 3.2.3 There are currently 31 employees that would see an increase to pay if the Cambridge Weighting rate was increased to £12.50 per hour on 1st April 2024.

3.3 Apprenticeship Pay

- 3.3.1 The Council's current approach to Apprenticeships is that externally appointed apprentices are offered a fixed term contract for the duration of their apprenticeship, with the need for them to apply to and be successful in securing a permanent role at the end of the fixed term contract.
- 3.3.2 Externally appointed apprentices are paid on apprenticeship level pay, which is below the Real Living Wage and Cambridge Weighting rate that the Council commit to paying to all staff (The Council's lowest paid apprenticeship is paid £9.50 per hour. The current real living wage foundation rate is £12.00 per hour).
- 3.3.3 It is proposed that a new pay approach for apprentices is introduced, making appointment to permanent roles a default and only using fixed term contracts in exceptional circumstances where there is genuinely no established post in the hierarchy.
- 3.3.4 Additionally, it is proposed that the pay for externally appointed apprentices is uplifted to a minimum of the Real Living Wage and Cambridge Weighting rate, or higher depending on the grading for the associated role.
- 3.3.5 It is expected that this change will increase the attractiveness of apprenticeship opportunities with Cambridge City Council and will help the Council take a longer-term view of growing and developing staff into roles.
- 3.3.6 The impact and cost of this change is not significant – of the current 21 apprentices within the Council, only eight are on fixed term contracts and of these only five are paid on apprenticeship rates of pay. Using current apprenticeship data, the current financial cost of this proposal would be no more than £25k per annum.
- 3.3.7 Section 15 of the pay policy statement in Appendix 1 refers to this change.

4. National Pay Awards

- 4.1 Pay awards are nationally determined in accordance with the Joint Negotiating Committee (JNC) for Chief Officers and the National Joint Council for Local Government Services (NJC) for staff on Bands 1-11.
- 4.2 Pay awards for all groups were agreed with effect from April 2023, and paid in line with delegated authority.
- 4.3 The national pay negotiations with effect from April 2024 have not yet concluded.

5. Investors in People Accreditation

- 5.1 The Councils Investors in People (IiP) accreditation is due for reassessment in November 2024. The full reassessment process takes place every three years with an annual interim review. The cost of the accreditation is in the region of £12,500.
- 5.2 Whilst the accreditation is nationally recognised, there is no evidence to demonstrate that this is viewed favourably by applicants, and many organisations are looking at alternative charter marks or accreditations. Other local Councils have also chosen not to seek reaccreditation.
- 5.3 The biggest benefit gained from the accreditation is the staff survey that forms part of the assessment process, however survey questions are aligned with the IiP standards and not to the Councils internal priorities or aspirations.
- 5.4 The Leadership team have discussed IiP accreditation, and support a recommendation that the Cambridge City Council do not seek reaccreditation. Instead, it is proposed that an external research company is engaged to develop and run an all-employee survey, tailored specifically to the Council. This will align to the People Strategy and will help benchmark the less tangible elements of cultural change aspired to within the strategy.
- 5.5 The Councils recognised trade unions have been consulted on this proposal and have no objections.

6. Change in Delegation

- 6.1 The Employment (Senior Officer) Committee have considered a proposal to clarify a point in the Councils Constitution regarding the responsibility for recruitment to fixed term non-Leadership Team Director level roles.
- 6.2 The Employment (Senior Officer) Committee agreed that a proposal should be taken forward to clarify the position in the Constitution that recruitment to temporary fixed term non-Leadership Team roles could be delegated to the Head of Paid Service. The Chair of the Employment (Senior Officer) Committee should be informed in advance of any recruitment commencing, and the Employment (Senior Officer) Committee informed of the appointment through the decision notification process.

- 6.3 If agreed by Civic Affairs, it is recommended that Council approves amendments to the Constitution to include the following wording under Part 4i – Officer Employment Procedure Rules:

Appointment to fixed term Director roles that do not form part of the Councils Leadership Team is the responsibility of the Head of Paid Service or their nominee. The Executive Notification process will be undertaken for these roles.

7. Implications

a) Financial Implications

The Council has made provision in the Medium-Term Financial Strategy for the pay increases for 2024/2025.

Any immediate costs associated with the recommendations above will be met from Group budgets.

b) Staffing Implications

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

c) Equality and Poverty Implications

An equality impact assessment has not been undertaken for this report.

Equality information by grade is reported annually to the Equalities Panel and is available on the Council's website.

Equality impact assessments will be undertaken on any policies that change as a result of these proposals.

d) Net Zero Carbon, Climate Change and Environmental Implications

The proposals in this report have no climate change impact.

e) Procurement Implications

The Living Wage Policy as it relates to contractors is included in the Pay Policy Statement.

f) Community Safety Implications

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

8. Consultation and communication considerations

The Chief Executive and the Council's Leadership have been consulted on this report and changes to the attached draft Pay Policy Statement.

The Leader of the Council, Executive Councillor for Finance, Resources and Transformation and trade unions, Unison and GMB have been consulted on the proposed changes to the Pay Policy Statement and other recommendations outlined within this report.

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

9. Background papers

Background papers used in the preparation of this report:

- Pay Policy Statement 2022/23
- City Council Pay scales

10. Appendices

Draft Pay Policy Statement

11. Inspection of papers

To inspect the background papers or if you have a query on the report please contact Lynsey Fulcher, Head of People, Tel: 07592 384229, email: lynsey.fulcher@cambridge.gov.uk.

APPENDIX ONE: PAY POLICY STATEMENT 2024/25

Effective from 1st April 2024

1. Introduction

Cambridge City Council is committed to operating consistent, transparent and equitable pay arrangements.

This statement details the pay policy and approaches applied to all staff within Cambridge City Pay bands in addition to all Statutory and Non-Statutory Chief Officers, as defined under the Council's constitution, to fulfil the Council's statutory requirements under Chapter 8 of the Localism Act 2011 ("the Act")

This pay policy statement was updated and agreed by Full Council in March 2024.

2. Senior Salaries from 1st April 2023

The salary scales for the Chief Executive, Directors and Assistant Directors following the nationally agreed pay award with effect from 1 April 2023 are shown below.

Progression through the pay grade (a three or four-point scale) is subject to a range of criteria that are assessed via an annual performance review.

Pay Grade	Point 1 (£)	Point 2 (£)	Point 3 (£)	Point 4 (£)
Chief Executive	131,735	137,012	142,330	147,609
Director	101,790	105,576	109,368	113,161
Assistant Director 2	89,217	91,894	94,651	n/a
Assistant Director 1	81,556	84,095	86,618	n/a

The Council has an agreement that senior officer pay scales will be reviewed every three years in line with the current market median level pay, this includes Chief Executive, Director and Assistant Director pay grades. The last review was undertaken in 2023 whereby a full redesign of the grades took place. The effectiveness of these scales will continue to be reviewed annually.

3. Annual Pay Awards

For the Chief Executive pay grade, pay awards are nationally determined in accordance with the Joint Negotiating Committee (JNC) for Chief Executives. For Directors and Assistant Director grades, the Joint Negotiating Committee (JNC) for Chief Officers is applied, and the National Joint Council (NJC) determines the pay awards for City Pay Grades 1 – 11.

Pay points within the grades are subject to nationally negotiated pay awards with effect from 1 April 2024 and will increase in line with any nationally agreed award.

4. Chief Officer Terms and Conditions of Employment

The terms and conditions of employment for the Chief Executive, Directors and Assistant Directors 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 recognised by the Council and by the rules of the Council.

5. Chief Officer Remuneration on Appointment

Rules governing the recruitment of the Chief Executive, Directors and Assistant Directors are set out in the council's constitution in section; Part 4i, Officer Employment Procedure Rules.

Recruitment to the posts of Chief Executive and Director is undertaken by a committee of Councillors appointed by Council. In the case of the Chief Executive, the appointment is made by Full Council, following a recommendation from the Employment (Senior Officer) Committee.

Appointment to fixed term Director roles that do not form part of the Leadership Team is the responsibility of the Head of Paid Service or their nominee.

Recruitment to posts of Assistant Director will be undertaken by the Chief Executive or a Director. The salary on recruitment will be within the salary range for these posts at that time.

6. Market Supplements

There are occasions when the salary determined by the grading for a post result 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. This is more challenging in the Cambridge area due to the high demand for labour, the high number of vacancies and high cost of housing.

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.

7. Retention Payments

There may be occasions when due to recruitment and retention difficulties within a specific service area or role, it may be more appropriate to use a recruitment and retention package approach than a market supplement. Such an approach offers a fixed lump sum payment for new appointments or to the staff in identified roles at a given date.

The payment is tied to a defined retention period and must be repaid in full if the person leaves the employment of the Council within the designated period. The aim of this approach is to recruit new staff and retain existing staff where there is evidence of both types of difficulty and a market supplement approach is assessed as less effective.

8. Bonuses

There are no bonus arrangements payable to our Chief Officers or any Council staff.

9. Performance Related Pay

Performance and progression through the pay band is assessed annually for all staff in line with the Council's performance review schemes.

The performance review for Directors is undertaken by the Chief Executive and for the Chief Executive by the Leader and an independent advisor. Performance reviews for all other Officers are undertaken by their line manager.

10. Senior Salary Pay Data

In accordance with the Government's Code of Recommended Practice for Local Authorities on Data Transparency, the Council publishes information on all employees earning £50,000 or above.

Following approval at Full Council of the Draft Pay Policy Statement this updated pay policy statement is published on the Council's website.

11. Expenses

The expenses which may be payable to all Officers, including the Chief Executive, Director and Assistant Directors include:

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

12. 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 weekly pay. Cambridge City Council will not apply the statutory weeks pay definition.

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.

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.

The Chief Executive, Monitoring Officer and Chief Finance Officer can only be dismissed by the Full Council. All other Directors and Assistant Directors can only be dismissed in accordance with the Councils constitution, Part 4i, Officer Employment Procedure Rules.

13. Pension and Pension Enhancements

All employees are entitled to and receive pension contributions under the Local Government Pension Scheme (LGPS). This is a contributory scheme and employees currently contribute between 5.50% and 12.50% of their pensionable pay to the scheme. Chief Officers contributions currently range from 9.90% to 12.50%

The Council's discretions on enhancement of pension are set out in the Pensions Discretion Statement 2022. This policy was approved by the Civic Affairs Committee on 21 September 2022. The policy is reviewed 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).

The next review of the Pensions Discretion Statement is scheduled for 2025.

14. Lowest Paid Staff: Real Living Wage & Cambridge Weighting

The lowest paid staff within the Council's pay structure are on Band 1. The lowest pay point is £22,366 (£11.59 per hour) (April 2023). Cambridge City Council is an accredited Real Living Wage employer and also pays a Cambridge Weighting supplement. This means that the current minimum pay level for staff is £12.00 per hour. This will increase to a minimum of £12.50 per hour from 1 April 2024.

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.

14.1 Real Living Wage

The Council is accredited with the Living Wage Foundation which means it has adopted a Real Living Wage policy for staff, agency workers and contractors engaged through the Council's Procurement processes.

The implementation date for Real Living Wage increase is usually November for staff engaged on city council terms and conditions of employment, following the annual announcement. With effect from November 2023 the Real Living Wage increased to £12.00 per hour.

The Council will pay the Real Living Wage rate for staff engaged on city council pay rates by way of a supplement to pay rates.

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

The Council will require contractors engaged through the Council's procurement processes to pay at least the Real Living Wage to all their staff who work on the Council's premises (or land maintained by the Council) for two or more hours on any day of the week for eight or more consecutive weeks. The only contracts that will be excluded from the requirement to pay the Real Living Wage are:

- contracts where it would be unlawful to require the payment of the Real Living Wage
- contracts where, following evaluation, it is considered inappropriate to impose the requirement.

14.2 Cambridge Weighting

The Council pays a Cambridge Weighting to employees on city council terms and conditions of employment and related agency workers earning less than the approved rate per hour. The weighting is paid in addition to salary and the Real Living Wage supplement. With effect from 1 April 2024 the rate is £12.50 per hour.

For agency workers the weighting applies in addition to current hourly rates and the Real Living Wage arrangements. The weighting is variable, depending upon the current hourly rate and the Real Living Wage supplement payable at that time.

15. Apprentices

Apprentices are appointed on permanent contracts of employment within Cambridge City Council unless there is a justifiable reason why there is a requirement for a fixed term post.

Apprentices are paid on a salary proportionate to the role that they have been employed to undertake, or the recognised Real Living Wage/Cambridge Weighting rate of pay, whichever is the highest.

The Council also offer apprenticeships to current employees who are paid in accordance with their existing pay arrangements during the apprenticeship.

16. Pay Ratios

The table below shows a number of pay ratios. The Council does not have a policy on maintaining or reaching a specific pay ratio between the lowest and highest paid staff. The highest paid officer of the council is the Chief Executive. The highest pay point on this scale is currently £147,609 (April 2023).

	Annual Salary	Ratio to Chief Executive highest pay point	Explanation
Real Living Wage Rate of £12.00 (Nov 2023)	£23,151	1:5.7	Chief Executive's salary and 2023/4 Real Living Wage rate.
Lowest council pay scale point (£11.59)	£22,366	1:5.9	Chief Executive's salary and lowest council pay scale point
2024/25 Cambridge Weighting rate of £12.50	£24,110	1:5.5	Chief Executive's salary and £12.50 Cambridge Weighting
Median Average salary	£37,366	1:3.5	Chief Executive's salary and current median average salary

17. 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 role of Chief Executive is the council's Returning Officer.

The fees for Parliamentary, Police & Crime Commissioner, Euro Elections and national referenda are set by the Government. The fees for County Council elections are set by the County Council. The fees for the Combined Authority Mayoral election are set by the Combined Authority. The fees for Parliamentary and European Elections are pensionable.

Fees for district elections are set locally (mindful of neighbour district council fees) and were last reviewed 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.

18. Tax Avoidance and IR35

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.

In addition, workers employed directly by the Council will be assessed to establish whether they fall within scope of the IR35 legislation using the HMRC employment status tool. Workers that fall within scope will have Income Tax and National Insurance contributions deducted and paid over to HMRC.

19. Re-engagement of ex City Council staff

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.