

Cabinet  
Council

13 May 2014  
24 June 2014

**Name of Cabinet Member:**

Cabinet Member (Strategic Finance and Resources) – Councillor Gannon

**Director Approving Submission of the report:**

Executive Director, Resources

**Ward(s) affected:**

None

**Title:**

Pay Policy Statement 2014/15

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**Is this a key decision?**

No

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**Executive Summary:**

Local Authorities are required by sections 38 and 39 of the Localism Act 2011 to produce an annual Pay Policy Statement. The statement must articulate the City Council's policies towards a range of issues relating to the pay of the workforce, particularly the most senior staff (or "chief officers") and the relationship of their pay to the lowest paid employees. The proposed annual Pay Policy Statement for 2014/15 is attached as appendix 1.

**Recommendations:**

1. Cabinet recommends that the Council adopts the Pay Policy Statement 2014/15.
2. Council is recommended to approve the 2014/15 Pay Policy Statement attached at Appendix 1.

**List of Appendices included:**

Appendix 1 Pay Policy Statement 2014/15

**Other useful background papers:**

None

**Has it been or will it be considered by Scrutiny?**

No

**Has it been or will it be considered by any other Council Committee, Advisory Panel or other body?**

No

**Will this report go to Council?**

Yes - 24 June 2014

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

### **1. Context (or background)**

- 1.1 The Localism Act 2011 requires all local authorities to produce an annual Pay Policy Statement setting out the Council's policies regarding the pay and grading of the workforce which must be approved by full Council. The Pay Policy Statement is particularly required to highlight the relationship between the pay and remuneration of most senior staff (chief officers) and the general workforce. The City Council has clearly established policies and processes for the determination of the pay and grading of its employees and these are summarised in the proposed Pay Policy Statement.
- 1.2 The Pay Policy Statement also sets out (as required) the relationship between the highest and lowest paid. Guidance on the development of Pay Policy Statements states that authorities should explain their policy in respect of chief officers who have been made redundant and later reemployed or engaged under a contract of service, and also their approach to any shared arrangements in place. The City Council has no policy in relation to the re-employment or re-engagement of chief officers. No existing chief officers have been made redundant and subsequently re-employed or re-engaged and it is not anticipated this will occur in the future. No current chief officers are engaged on a shared basis.

### **2 Options considered and recommended proposal**

- 2.1 Council is recommended to approve the Pay Policy Statement for 2014/15 to ensure compliance with sections 38 and 39 of the Localism Act 2011.

### **3 Results of consultation undertaken**

- 3.1 There is no requirement to consult on the Pay Policy Statement

### **4. Timetable for implementing this decision**

- 4.1 The proposed Pay Policy Statement will be effective for the financial year 2014/15

### **5. Comments from Executive Director, Resources**

#### 5.1 Financial implications

There are no specific financial implications of the recommendations in this report. The cost of individual decisions regarding the recruitment or termination of officers would need to be resourced from the Council's approved budget.

#### 5.2 Legal implications

The City Council is required under sections 38 and 39 of the Localism Act 2011 to agree an annual Pay Policy Statement

**6. Other implications**

**6.1 How will this contribute to achievement of the Council's key objectives / corporate priorities (corporate plan/scorecard) / organisational blueprint / Local Area Agreement (or Coventry Sustainable Community Strategy)?**

To assist the effective delivery of key objectives and corporate priorities the City Council must ensure a structured and objective system is in place for the determination of the pay and grading of employees.

**6.2 How is risk being managed?**

By adopting a Pay Policy Statement as attached at Appendix 1 the City Council would be compliant with sections 38 and 39 of the Localism Act 2011.

**6.3 What is the impact on the organisation?**

None

**6.4 Equalities / EIA**

As a consequence of the Equality Act and the National Joint Council (NJC) conditions of Service the City Council is committed to publishing equal pay information on an annual basis.

**6.5 Implications for (or impact on) the environment**

None

**6.6 Implications for partner organisations?**

None

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Members: Councillor Gannon	Cabinet Member (Strategic Finance and Resources)		28/04/14	28/04/2014

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[www.coventry.gov.uk/councilmeetings](http://www.coventry.gov.uk/councilmeetings)

## **Appendix 1**

### **Coventry City Council – Pay Policy Statement 2014/2015**

#### **1. Introduction and Purpose**

Under section 112 of the Local Government Act 1972, the Council has the “power to appoint officers on such reasonable terms and conditions as authority thinks fit”. This Pay Policy Statement (the ‘statement’) sets out the Council’s approach to pay policy in accordance with the requirements of Section 38 of the Localism Act 2011(“the Act”).

For the purposes of this statement, Chief Officers’ is defined within S43 of the Act.

#### **2. Pay Structure**

The Council uses the NJC Job Evaluation scheme and the nationally negotiated pay spine as the basis for its local grading structure. This determines the salaries of the vast majority of the non-school based workforce, together with the use of other nationally defined rates where relevant.

The posts of Chief Officers are evaluated in accordance with the Hay job evaluation scheme.

#### **3. Senior Management Remuneration**

The remuneration for Chief Officers are:

The Chief Executive falls within a range of £175,000 to £180,000 or as may be otherwise determined by the Council.

The remaining Chief Officer remuneration falls within a range of £75,517 to £124,295 or as may be otherwise determined by the Council.

#### **4. Recruitment of Chief Officers**

The determination of the remuneration offered to any newly appointed Chief Officer will be in accordance with the pay structure and relevant policies in place at the time of recruitment. The Council’s policy and procedures with regard to the recruitment of Chief Officers is set out within the Council’s Constitution.

The determination of the remuneration to be offered to any newly appointed Chief Officer will be in accordance with the Council’s Hay pay and grading structure. Chief Officers jobs are allocated to a salary range based on a number of factors including the level of knowledge, skills and experience required and the responsibilities and accountabilities associated with the position.

Where the Council is unable to recruit to a post, it will consider the use of temporary market forces supplements. Where the Council remains unable to recruit chief officers under an employment contract, or there is a need for interim cover for a Chief Officer post, the Council will consider engaging individuals under ‘contracts for service’.

The Council considers that decisions on large salary packages (£100,000 and above) should be subject to accountability and scrutiny. The Council considers that it would be preferable for scrutiny of these decisions to take place in committee rather than by full Council, and that the Audit and Procurement Committee is the appropriate forum. This committee is skilled and experienced in subjecting specific decisions to scrutiny, and will be able to test the strength of the explanations put forward for particular appointment/severance packages. The Council believes

that the Audit and Procurement committee will be able to do this better than full Council and make those decisions.

## **5. Increases and additions to Remuneration of Chief Officers**

The Council does not apply any bonuses or performance related pay to its Chief Officers.

As there were no local elections/referendums in 2013/2014 no fees were payable to the Chief executive as returning Officer and Counting Officer or any other relevant Chief Officers within the Authority.

## **6. Payments on Termination**

The Council's approach to discretionary payments on termination of employment of Chief Officers in a redundancy situation, is set out within the Security of Employment Agreement in accordance with the Discretionary Compensation Regulations 2006 which give all Councils the ability to determine redundancy payments. This Agreement sets out the processes to be used in cases of redundancy (for example consultation and redeployment possibilities).

The Council does not apply the added year's arrangements available under the Local Government Pension Scheme and therefore has no discretion over the pension benefit amounts payable to Chief Officers who are made redundant and who are entitled under the scheme regulations to be paid their pension benefits.

In some rare and exceptional circumstances, it may be more appropriate and in the Council's best interests to reach mutual agreement to end employment. Such reasons can include speed and minimising the risk of significant uncertainty and disruption. In reaching an agreement in a process of negotiation it is likely that the payment will be specific to the individual's circumstances.

The Council considers that decisions on large severance packages (£100,000 and above) should be subject to accountability and scrutiny. The Council considers that it would be preferable for scrutiny of these decisions to take place in committee rather than by full Council, and that the Audit and Procurement Committee is the appropriate forum. This committee is skilled and experienced in subjecting specific decisions to scrutiny, and will be able to test the strength of the explanations put forward for particular severance decisions. The Council believes that the Audit and Procurement committee will be able to do this better than full Council and make those decisions.

It is not envisaged that any Chief Officer who leaves the Council with a severance or redundancy payment will be considered for further employment with Coventry or for the hiring of their services in another capacity unless there are special circumstances.

## **7. Publication**

Upon approval by the full Council, this statement will be published on the Council's Website.

## **8. Lowest Paid Employees**

The lowest paid persons employed under a contract of employment with the Council are employed on full time [37 hours] equivalent salaries in accordance with the minimum spinal column point 5 which is currently in use within the Council's grading structure. As at 1 April 2014, this is £12,435. However the City Council has adopted the introduction of the Living Wage which increases the annual salary at spinal column point 5 to £14,759 per annum.

The City Council employs a small number of modern apprentices who are not included within the definition of "lowest paid employees" as they are employed under specific trainee contract terms.

The 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 Council's workforce.

The current Council pay levels define the following rates of pay:-

- Chief Executive = £175,000
- Median employee = £20,400
- Lowest paid employee = £14,759

The current Council pay levels define the following pay multiples:-

- Chief Executive to lowest paid employee = **1:11.8** (1:14.2 – 2013/14)
- Chief Executive to median employee = **1:8.6** (1:8.7 – 2013/14)

As part of its overall and on-going monitoring of alignment with external pay markets, both within and outside the sector, the council will use available benchmark information as appropriate.