
Cabinet
Council

3rd March 2015
17th March 2015

Name of Cabinet Member:

Cabinet Member for Strategic Finance and Resources – Councillor Gannon

Director Approving Submission of the report:

Executive Director for Resources

Ward(s) affected:

None

Title:

Annual Pay Policy Statement 2015/2016

Is this a key decision?

No

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 2015/16 is attached as appendix 1.

Recommendations:

1. Cabinet is requested to recommend that the Council approve the Annual Pay Policy Statement 2015/16.
2. Council is recommended to approve the Annual Pay Policy Statement 2015/16 attached at Appendix 1.

List of Appendices included:

Appendix 1 Annual Pay Policy Statement 2015/16.

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 - 17th March 2015

Report title: Annual Pay Policy Statement 2015/2016

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 annual Pay Policy Statement is particularly required to highlight the relationship between the pay and remuneration of the 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 annual Pay Policy Statement also sets out the relationship between the highest and lowest paid employees. 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. Currently the City Council has established an effective working partnership with Solihull Council for procurement

2 Options considered and recommended proposal

- 2.1 Council is recommended to approve the annual Pay Policy Statement for 2015/16 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 2015/16.

5. Comments from Executive Director, Resources

- 5.1 Financial implications
Financial information on all posts where the full time equivalent salary is at least £50,000 pa (which includes chief officers as identified in the Pay Policy Statement) is published in the Council's Annual Statement of Accounts.
- 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 Plan?

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

Report author(s):

Name and job title: Neelesh Sutaria – HR Business Partner

Directorate: Resources

Tel and email contact: 024 7683 1559 neelesh.sutaria@coventry.gov.uk

Enquiries should be directed to the above person.

Contributor/approver name	Title	Directorate or organisation	Date doc sent out	Date response received or approved
Contributors:				
Shokat Lal	Assistant Director	Resources	27.1.15	03.2.15
Lara Knight	Governance Services Team Leader	Resources	27.1.15	28.1.15
Karen Mihajlovic	Senior HR Adviser	Resources	27.1.15	27.1.15
Liz Read	Electoral Services Manager	Resources	27.1.15	03.2.15
Names of approvers for submission: (officers and members)				
Finance: Katherine Sutherland	Lead Accountant	Resources	27.1.15	03.2.15
Legal: Gill Carter	Senior Solicitor	Resources	27.1.15	29.1.15
Director: Chris West	Executive Director	Resources	27.1.15	28.1.15
Members: Councillor Gannon	Cabinet Member (Strategic Finance and Resources)			

This report is published on the council's website: www.coventry.gov.uk/councilmeetings

Appendix 1

Coventry City Council – Proposed Annual Pay Policy Statement 2015/2016

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 [the] 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 Localism Act and by Section 2 of the Local Government and Housing Act 1989 as the Chief Executive, Strategic Directors and Heads of Service. Each of these posts have been evaluated using a job evaluation scheme devised by HAY Management Consultants and is used widely in the public and private sectors within the UK.

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.

Within the National pay spine, the Council operates its own locally agreed grading scheme. Progression within the grading structure is based on automatic annual increments until the top of the grade is reached.

A similar incremental approach is also applied to other groups of employees who are governed by relevant national negotiating bodies. These groups include Teachers, Soulbury and JNC/Youth and Community schemes.

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 appoint 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 Officer’s 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 to its Chief Officers.

Salary progression for Chief Officers is based upon an annual performance based assessment.

The Executive Director for People is currently in receipt of a market supplement of £20,705 pa in addition to their basic salary.

The gross fees for local elections/referendums in 2014/2015 were;

Chief Officer Title	Payment for Local/European Elections	Payment for Police & Crime Commissioner Elections
Chief Executive	£19,392.00	£11,283.00
Executive Director - Resources	£2,604.20	£1,408.30
Assistant Director – Legal & Democratic Service	£2,604.20	£1,408.30
Assistant Director - Development Services	£280.00	£260.00
Assistant Director- ICT, Transformation & Customer Services	£190.00	
Assistant Director – Health, Libraries & Adult Education	£370.00	£260.00
Head of Corporate Communications	£255.00	
Assistant Director HR & Workforce Services	£295.00	
Assistant Director - Finance	£385.00	£260.00
Assistant Director Revenues & Benefits	£340.00	
Deputy Director Early Intervention & Social Care	£430.00	
Executive Director - Place	£430.00	£260.00

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, which may be in relation to statutory redundancy pay and/or settlement agreements (£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.

The City Council has a policy not to re-employ or re-engage previous employees within five years, if they have left as part of the voluntary redundancy/early retirement programme. 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 City Council has adopted the Living Wage (£7.65 per hour), which means that the lowest paid persons employed on Coventry City Council terms and conditions are paid a full time (37 hours per week) salary equivalent 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 = £20,849
- Lowest paid employee = £14,759

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

- Chief Executive to lowest paid employee = **1:11.8** (1:11.8 – 2014/15)
- Chief Executive to median employee = **1:8.4** (1:8.6 – 2014/15)

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.