

**Gloucester City Council**

**Pay Policy Statement 2014/15**

**Introduction and Purpose**

Gloucester City Council employs approximately 340 staff which equates to 288.47 Full Time Equivalent staff (FTEs). The provision of many of the Council's services is outsourced to the private or third sectors and some others are carried out by partner councils through shared service arrangements. Gloucester City Council remains responsible for these services. The Council's annual turnover is approximately £105m (gross expenditure as per Comprehensive Income and Expenditure Statement for 2012/13).

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 purpose of the statement is to provide transparency with regard to the Council's approach to setting the pay of its employees by identifying:

- the methods by which salaries of all employees are determined;
- the detail and level of remuneration of its most senior staff i.e. 'Chief Officers', as defined by the relevant legislation;
- the arrangements for ensuring the provisions set out in this statement are applied consistently throughout the Council.

An original version of this policy statement was approved by the Council in 2012. This policy statement will come into immediate effect and will be subject to review on a minimum of an annual basis in accordance with the relevant legislation prevailing at that time.

**Legislative Framework**

In determining the pay and remuneration of all of its employees, the Council will comply with all relevant employment legislation. This includes the Equality Act 2010, Part Time Employment (Prevention of Less Favourable Treatment) Regulations 2000, The Agency Workers Regulations 2010 and where relevant, the Transfer of Undertakings (Protection of Employment) Regulations. With regard to the Equal Pay requirements contained within the Equality Act, the Council ensures there is no pay discrimination within its pay structures and that all pay differentials can be objectively justified through the use of equality proofed Job Evaluation mechanisms which directly relate salaries to the requirements, demands and responsibilities of the role.

## Pay Structure

The Council's pay and grading structure comprises Grades A-N and then 'Job Size 4' for the posts of Head of Regeneration and Head of Legal and Policy Development, SMT1 (Job Size 5) for the Corporate Directors, and SMT2 for the Chief Executive. Within each grade there are a number of salary / pay points. The Council uses a structure based around the nationally determined pay spine for grades A to N. Salary points above this, i.e. for Job Size 4 and above, grades are locally determined following external advice and evaluation under the HAY job evaluation scheme and approved by the Organisational Development Committee. The Council's Pay Structure is set out in the table below.

Grade	Job Size	Spinal Column Points		Pay Scale	
		From	To	Minimum £	Maximum £
A		6	11	12,614	14,880
B		12	15	15,189	16,215
C		16	19	16,604	17,980
D		20	23	18,638	20,400
E		24	27	21,067	23,188
F		28	31	23,945	26,539
G		32	33	27,323	29,528
H		36	40	30,311	33,998
I	1	42	47	35,784	40,254
J	1	48	51	41,148	43,788
K	2	52	55	44,673	47,319
L	2	56	59	48,373	51,827
M	3	60	63	52,539	57,672
N	3	64	67	58,813	64,078
Job Size 4	4	-	-	66,500	73,500
SMT1	5	-	-	78,850	87,150
SMT2	C-Ex	-	-	107,409	118,150

The Council remains committed to adherence with national pay bargaining in respect of the national pay spine and any annual cost of living increases nationally determined in the pay spine.

Council posts are allocated to a grade within the Pay Structure based on the application of the Hay Job Evaluation scheme.

In determining its grading structure and setting remuneration levels for all posts, the Council takes account of the need to ensure value for money in respect of the use of public expenditure, balanced against the need to recruit and retain employees who are able to meet the requirements of providing high quality services to the community, delivered effectively and efficiently and at times at which those services are required.

In relation to progression within a post grade, with the exception of career grades which will usually require the achievement of some criterion before progression occurs, employees generally progress from the minimum spinal column point of their grade at April each year until they reach the maximum of their post grade. This is not the policy for posts of Job size 4 or above, where progression within grades is subject to performance.

New appointments will normally be made at the minimum of the relevant grade, although this can be varied if necessary to secure the best candidate. From time to time it may prove appropriate to take account of the external pay market such as where difficulties in attracting applicants or retaining employees with particular experience, skills and capacity occur. Where necessary, the Council will ensure the requirement for such market forces supplements is objectively justified by reference to clear and transparent evidence of relevant market comparators, using appropriate and timely data sources available from within and outside the local government sector.

The pay spine was increased in April 2009 and again in April 2013. Employers' views are currently being sought on the approach to national negotiations over an annual cost of living pay award for 2014/15.

Other pay related allowances are the subject of either nationally or locally negotiated rates, having been determined from time to time in accordance with collective bargaining machinery and/or as determined by Council Policy.

### **Chief Officers Remuneration**

For the purposes of this statement, 'Chief Officers' are defined within section 43 of the Localism Act. Salaries are determined on the basis of external advice and subject to the HAY job evaluation process. The posts falling within the statutory definition are set out below, with details of their basic FTE salary as at 1 April 2013.

a) Chief Executive

The current salary of the post is £116,630. The salary falls within the range of £107,409 to £118,150. Progression through the range is subject to performance. In addition to this, payments for returning officer duties are made. For local elections (Parish, District and County) this remains in accordance with the scale of fees agreed by all authorities in Gloucestershire. Fees for Parliamentary, European and national referenda are set nationally.

b) Corporate Directors

The salaries of posts designated as Corporate Directors fall within a range between £78,850 rising to a maximum of £87,150. Progression through the range is subject to performance.

**Management Posts currently reporting to the Senior Management Team also defined as 'Chief Officers' for pay policy purposes:**

c) Heads of Regeneration and Legal & Policy Development

The salaries of these posts, which are currently designated as job size 4 fall, within the range of £66,500 to £73,500. Progression through the range is subject to performance.

d) Heads of Service in posts of Job Size 2 or above (Grades K to N)

In addition to the two posts in paragraph (c) above, the definition of 'Chief Officer' for pay policy purposes also includes posts at grades K to L (job size 2 SCP52-59); and grades M to N (job size 3 SCP 60-67).

Whilst incremental progression in these posts is automatic within an individual grade, job holders will not progress through the 'career-graded' job size (e.g. from the top of a K grade SCP55 to an L grade SCP56) without being assessed against management competencies, as part of a formal process.

**Other Management posts reporting to the Senior Management Team**

Given the flatter management structure introduced by the council during 2013/14, the salaries of posts reporting to the Senior Management Team, cover a wider range than in previous years, including posts at job size 1 (grades I to J SCP 42-51) .

Similar to the posts in paragraph (d) above, although incremental progression in these posts is automatic within an individual grade, job holders will not progress through the 'career-graded' job size (e.g. from the top of an I grade SCP47 to a J grade SCP48) without being assessed against management competencies, as part of a formal process.

## **Recruitment of Chief Officers**

The Council's policy and procedures with regard to recruitment of Directors and Statutory Officers is set out within part 5 - section 10 and part 2 Article 8 of the Council's Constitution.

When recruiting to all posts the Council will take full and proper account of its own Equal Opportunities, Vacancy Management and Redeployment Policies. The determination of the remuneration to be 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 in addition to external market advice and the HAY job evaluation process. Where the Council is unable to recruit to a post at the designated grade, it will consider the use of temporary market forces supplements in accordance with its relevant policies.

Where the Council remains unable to recruit Chief Officers under a contract of service, or there is a need for interim support to provide cover for a vacant substantive Chief Officer post, the Council will, where necessary, consider and utilise engaging individuals under 'contracts for service'. These will be sourced through a relevant procurement process ensuring the Council is able to demonstrate the maximum value for money benefits from competition in securing the relevant service. The Council does not currently have any Chief Officers engaged under such arrangements.

## **Additions to Salaries of Chief Officers**

In addition to basic salary, set out below are details of other elements of current 'additional pay' provisions which are chargeable to UK Income Tax and do not solely constitute reimbursement of expenses incurred in the fulfilment of duties:

- Fees paid for returning officer duties where identified and paid separately (see above);
- Market forces supplements in addition to basic salary where identified and paid separately (see above);
- Professional subscriptions are no longer paid for any staff;
- Contribution to car, travel and subsistence expenses.
- Honoraria or ex-gratia payments may only be made to staff including Chief Officers for undertaking additional duties outside of their substantive role for which they receive an amount reflective of the duration and nature of the work they undertake. For Chief Officers, such payments are rare and will only be made in accordance with the Council's relevant policy. None are in force at present.

Subject to qualifying conditions, employees have a right to join the Local Government Pension Scheme. The employee contribution rates are defined by statute as a percentage of whole time pay. The following rates currently apply: Service Managers 6.8%, Corporate Directors between 6.8% and 7.5%, and for the Chief Executive 7.5%.

The Employer contribution rates are set by Actuaries advising the Gloucestershire Pension Fund and are reviewed on a triennial basis in order to ensure the scheme is appropriately funded. The rate for Gloucester City Council, set at the last triennial review, is 15%. It should be noted that a further review is currently underway by the actuary and rates will be reviewed during 2014/15 as a result.

## **Payments on Termination**

The Council's approach to discretionary payments on termination of employment of Chief Officers, prior to reaching normal retirement age, is set out within its policy statement in accordance with Regulations 5 and 6 of the Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations 2006 and Regulations 12 and 13 of the Local Government Pension Scheme (Benefits, Membership and Contribution) Regulations 2007.

The Council has determined that it will not grant the benefit contained in Regulation 12 and 13, other than in exceptional cases where the financial implications can be justified. Similarly, the Council has decided that any other benefits falling outside the provisions or the relevant periods of contractual notice such as those referred to as benefits under Regulation 18, Regulation 30 and Regulation 52 will not be granted other than in exceptional cases where the financial implications can be justified.

Redundancy payments are based upon an employee's actual weekly salary and, in accordance with the approved policy, will be up to 60 weeks, depending upon length of service and age.

Furthermore, the Council will not re-employ Chief Officers either directly or under a contract for service (e.g: in a consulting or advisory capacity) previously made redundant by the Council.

## **Lowest Paid Employees**

As part of agreed policy, during 2013/14, the Council moved all grade A employees on the approved establishment, to the next scale point above the nationally calculated "living wage" in November 2013. This equates to an annual salary of £14,880.

The Council also places some apprentices within the organisation. Whilst they do not fall within the definition of 'lowest paid employees', as they are not part of the Council's approved staffing establishment and are employed under separate terms, they are paid slightly above the appropriate national minimum wage rate for apprentices.

The relationship between the rate of pay for the lowest paid and Chief Officers is determined by the HAY job evaluation process used for determining pay and grading structures as set out earlier in this policy statement.

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'. 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 Council's workforce.

The current pay levels within the Council define the multiple between the lowest paid (full time equivalent) employee and the Chief Executive as 1: 7.6 and between the lowest paid employee and the average Chief Officer (excluding the Chief Executive, but including Senior Managers) is 1: 4.0. The multiple between the median (average) full time equivalent earnings and the Chief Executive is 1: 4.9 and between the median (average) full time equivalent earnings and average Chief Officer (excluding the Chief Executive, but including Senior Managers) is 1: 2.5.

As part of its overall and ongoing monitoring of alignment with external pay markets - both within and outside the sector, the Council will use available benchmarking information as appropriate. This will include the pay multiples as set out above.

## **Publication**

Upon approval by the full Council, this statement will be published on the Council's Website. In addition, for posts where the full time equivalent salary is at least £50,000, the Council's Annual Statement of Accounts will include a note on Officers Remuneration setting out the total amount of:

- Salary, fees or allowances paid to or receivable by the person in the current and previous year;
- Any bonuses so paid or receivable by the person in the current and previous year;
- Any sums payable by way of expenses allowance that are chargeable to UK income tax;
- Any compensation for loss of employment and any other payments connected with termination;
- Any benefits received that do not fall within the above.

In addition to this pay policy statement, the key roles and responsibilities and employment benefits for each of our Senior Management Team members will be available on the Council's website [www.gloucester.gov.uk](http://www.gloucester.gov.uk).

## **Accountability and Decision Making**

In accordance with the Constitution of the Council, the Organisational Development Committee has delegated powers to monitor employment legislation and ensure that personnel procedures and guidelines in respect of recruitment, grievance and discipline are in place and up to date. The committee is also responsible for the contractual terms and conditions of the Chief Executive, the Corporate Directors and the Monitoring Officer.

Appointment of the Chief Executive is made by full council. Appointments of Corporate Directors and the Monitoring Officer are made by a councillor level selection committee of the Organisational Development Committee. All other appointments are made at Corporate Director level, delegated where appropriate to Group and Service Managers.