

Report of the Interim Head of Human Resources to the meeting of Council to be held on 25 March 2014

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Subject:

Pay Policy Statement 2014/15

Summary statement:

The Localism Act 2011 introduced a requirement for Local Authorities to produce and publish a Pay Policy Statement for each financial year. The Pay Policy Statement must be approved by full Council before publication.

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Portfolio:
Corporate Overview & Scrutiny Committee

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Overview & Scrutiny Area:

Corporate Overview & Scrutiny Committee



City of Bradford
Metropolitan District Council



1. SUMMARY

- 1.1 Sections 38 – 43 of the Localism Act 2011 require the Authority to produce a policy statement that covers a number of matters concerning the pay of the Authority's staff, principally its Chief Officers and the Authority's lowest paid employees.
- 1.2 The Pay Policy Statement for the year 1 April 2014 to 31 March 2015 has been produced taking into account the relevant requirements of the Localism Act 2011 and having regard to the statutory guidance issued by the Department for Communities and Local Government (DCLG) in February 2012 and the supplementary guidance issued in February 2013 both entitled 'Openness and accountability in local pay: Guidance under section 40 of the Localism Act 2011' ("the Guidance").
- 1.3 This report provides details of the proposed Pay Policy Statement for the financial year 2014/15.

2. BACKGROUND

- 2.1 Section 38 of the Localism Act 2011 introduced a new requirement on local authorities to publish a Pay Policy Statement for each financial year.
- 2.2 The Pay Policy Statement must:
 - Be produced annually in time for the start of each financial year and be approved by a resolution of full Council (the power cannot be delegated). The 2014/15 Pay Policy Statement must be prepared and approved before 31 March 2014. Any amendments required to the Pay Policy Statement in year must also be considered by full Council.
 - Be published which must include publication on the Council's website, as a minimum, soon after approval or amendment.
 - Set out the Authority's policies on a range of issues particularly relating to its chief officers and lowest paid employees.
 - Be complied with.

The Guidance also states that:

- Full Council be offered the opportunity to vote on salary packages of £100k pa or more in respect of new appointments and severance packages of £100k or more.
- 2.3 The Pay Policy Statement must set out the Authority's policy relating to:-
 - The level and elements of remuneration for each Chief Officer, which includes salary, any charges, fees or allowances, benefits in kind, bonuses, the use of performance related pay, increases and additions to remuneration, remuneration on recruitment, the approach to the payment of Chief Officers ceasing to be employed by the Authority.
 - The remuneration of the lowest paid employees in the workforce.

- The relationship between the remuneration of Chief Officers and other employees.
 - The publication of and access to information relating to remuneration of Chief Officers.
- 2.4 The provisions of the Act do not apply to employees of schools maintained by the Authority and therefore they are not within the scope of the Pay Policy Statement.
- 2.5 Chief Officers are defined in the Pay Policy Statement as the posts of Chief Executive, Strategic Directors, Directors, Deputy Director, City Solicitor and Assistant Directors.
- 2.7 The Pay Policy Statement must be approved by a resolution of the Authority before it comes into force.
- 2.8 The proposed Pay Policy Statement for 2014/15 can be found at **Appendix 1**. The proposed Statement is based on the approved 2013/14 statement which has been updated and amended in relation to the following:
- Remuneration of lowest paid employees – this has been amended to reflect the pay award by the National Joint Council for Local Government Services implemented 1 April 2013. (It should be noted that Chief Officers and Chief Executives are covered by different negotiating bodies and no pay award has been granted for these groups).
 - The value of the ‘pay multiple’ has been adjusted to reflect the above mentioned pay award and the current ratio between the highest paid salary and the median salary of the Council’s workforce has been updated.
 - The Local Government Pension Scheme 2014 employee contribution bands and rates for 2014-15 have been updated following a recent announcement from the Department for Communities and Local Government.
 - From 1 April 2014 all Chief Officers will be paid car allowances in line with HMRC rates.

3. FULL COUNCIL CONSIDERATION

- 3.1 Full Council will consider this report and the draft Pay Policy Statement at **Appendix 1** on 25 March 2014.

4. OTHER CONSIDERATIONS

- 4.1 The Council may, by resolution of the full Council, amend this Pay Policy Statement during the course of the year to which it relates.

5. OPTIONS

- 5.1 The production and publication of a Pay Policy Statement is a statutory requirement under the Localism Act 2011 for the financial year 2014/15 and each subsequent financial year.

6. FINANCIAL & RESOURCE APPRAISAL

6.1 There are no direct financial implications arising from this report.

7. RISK MANAGEMENT

7.1 No significant implications have been identified.

8. LEGAL APPRAISAL

8.1 The Authority is under a statutory duty to prepare and publish a Pay Policy Statement for the financial year 2014/15 and each subsequent financial year pursuant to the requirements set out in sections 38-43 of the Localism Act 2011. The Pay Policy Statement must be approved by a resolution of the Authority before it comes into force. The Pay Policy Statement for the financial year 2014/15 must be prepared and approved before 31 March 2014. The Authority must have regard to the Guidance referred to in this report in preparing and approving the Pay Policy Statement.

9. OTHER IMPLICATIONS

None.

9.1 EQUALITY & DIVERSITY

This Pay Policy Statement is a confirmation of existing policies, documents and relevant terms and conditions of employment therefore there are no diversity and equality implications arising.

An Equality Impact Assessment is not required as the Pay Policy Statement does not include proposals for new or changing policies, services or functions.

9.2 SUSTAINABILITY IMPLICATIONS

Not applicable.

9.3 GREENHOUSE GAS EMISSIONS IMPACTS

Not applicable.

9.4 COMMUNITY SAFETY IMPLICATIONS

Not applicable.

9.5 HUMAN RIGHTS ACT

None arising from this report.

9.6 TRADE UNION

There is no formal requirement to consult about this Pay Policy Statement however it will be shared with the recognised Trade Unions for information.

The Pay Policy Statement brings together the Authority's existing policies which have been subject to consultation.

9.7 WARD IMPLICATIONS

Not applicable.

10. NOT FOR PUBLICATION DOCUMENTS

None

11. RECOMMENDATIONS

That the Pay Policy Statement for the financial year 2014/15, as set out at Appendix 1 to this report, be approved.

12. APPENDICES

Appendix 1: Proposed Pay Policy Statement

13. BACKGROUND DOCUMENTS

- Openness and accountability in local pay: Guidance under section 40 of the Localism Act 2011, February 2012 [Openness & Accountability in Local Pay - Feb 2012](#)
- Openness and accountability in local pay: Guidance under section 40 of the Localism Act 2011 (Supplementary Guidance) February 2013 [Openness and Accountability in Local Pay - Feb 2013](#)

PAY POLICY STATEMENT

FOR THE FINANCIAL YEAR

2014/2015



Statement of Pay Policy for the year 1 April 2014 to 31 March 2015

1. Introduction

Sections 38 – 43 of the Localism Act 2011 require the Authority to produce a policy statement that covers a number of matters concerning the pay of the Authority's staff, principally its Chief Officers and the Authority's lowest paid employees. This pay policy statement meets the requirements of the Localism Act 2011 and takes account of the guidance issued by the Secretary of State for Communities and Local Government in February 2012 and the supplementary guidance issued in February 2013 both entitled "Openness and accountability in local pay: Guidance under section 40 of the Localism Act" to which the Authority is required to have regard.

This pay policy statement does not apply to employees of schools maintained by the Authority and is not required to do so.

In accordance with the provisions of the Localism Act 2011 this pay policy statement is required to be approved by a resolution of the Authority before it comes into force.

Once approved by the full Council, this policy statement will come into immediate effect, superseding the 2013/2014 pay policy statement, and will be reviewed annually.

2. Definitions used in this Pay Policy Statement

All the posts below are collectively referred to as **Chief Officer**.

- **Head of the Paid Service**, which in this Authority is the post of Chief Executive
- **Statutory Chief Officers**, which in this Authority are:-
 - Strategic Director Children's Services
 - Strategic Director Adult & Community Services
 - Director of Finance who is the Authority's Chief Finance Officer under section 151 Local Government and Housing Act 1989
 - City Solicitor who is the Authority's Monitoring Officer under section 5 Local Government and Housing Act 1989.
 - Director of Public Health
- **Non-statutory Chief Officers and Deputy Chief Officers**, which in this Authority are:-
 - All other Strategic Directors, Directors, Deputy Director and Assistant Directors

The **Lowest Paid Employees** are defined as employees paid on Spinal Column Point 5 of the National Joint Council (NJC) for Local Government Services pay scales. This definition has been adopted as it is the lowest level of remuneration attached to a post in this Authority (see section 5 below).

3. The Overall Approach to Pay and Remuneration

The Authority's overall approach to pay and remuneration for its employees is based on:

- Ensuring that the overall remuneration aligns with:-
 - The responsibilities and accountabilities of particular posts

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- Market norms for the local government and public sectors
- Pay levels in the local area, including neighbouring public sector employers

The Authority seeks to maintain this overall approach by carefully monitoring pay data provided by the Joint National Councils (JNCs) for Chief Officers and Chief Executives of Local Authorities, Local Government Association/Employers and other pay surveys.

4. Policy on Remunerating Chief Officers

Policy on Remunerating the Chief Executive

The Chief Executive is employed pursuant to the terms and conditions of employment of the Joint Negotiating Committee (JNC) for Chief Executives of Local Authorities as amended and supplemented by local agreements and decisions.

The Authority recognises that the role of Chief Executive is to lead the Authority's workforce, has the greatest level of accountability and so warrants the highest pay level in the Authority.

When setting the remuneration for the Chief Executive the Authority will compare the current salary of the post with comparable salaries for Chief Executives at councils of a similar size, type and location. Specialist advice will normally be sought on an appropriate starting salary.

The Chief Executive is employed on a defined salary (not a grade range) and this salary is increased in accordance with any nationally agreed pay awards as determined by the national Joint Negotiating Committee for Chief Executives of Local Authorities.

Salary of the Chief Executive is £178,476 p.a.

Policy on Remunerating other Chief Officers

Chief Officers are employed pursuant to the terms and conditions of employment of the Joint Negotiating Committee (JNC) for Chief Officers as amended and supplemented by local agreements and decisions.

Grades for Chief Officer posts are determined through the recognised 'Hay' job evaluation system. Job evaluation is a systematic way of determining the value of a job in relation to other jobs in the organisation. The 'Hay' system provides an analytical approach to evaluating the job value through allocating points to different factors (responsibilities and duties) of the job role, the total score of which equates to a grade range within the Authority's pay and grading structure for Chief Officers. These grade ranges are set out below.

A grade range consists of a number of incremental salary points through which employees may progress until the top of the grade is reached. Progression within each grade range will normally be by annual increment at 1 April each year until the top of the grade range is reached.

The grade ranges and salary levels are:

Strategic Director 1	£130,181 - £136,480 (SD1)
Strategic Director 2	£107,086 - £117,583 (SD2)

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Director 1	£100,000 - £110,000 (Dir 1)
Assistant Director 1	£ 89,238 - £ 94,488 (AD1)
Assistant Director 2	£ 78,739 - £ 89,238 (AD2)
Assistant Director 3	£ 68,241 - £ 78,739 (AD3)

Other Aspects of Chief Officer Remuneration

Other aspects of Chief Officer remuneration covered by this pay policy statement include the policies in respect of recruitment, pay increases, performance related pay, earn back (withholding an element of base salary related to performance), bonuses, ex gratia payments, honoraria (payment for increased duties and responsibilities), termination payments and re-employment when in receipt of a Local Government Pension Scheme (LGPS) pension or a redundancy/severance payment. These matters are addressed in the schedule that is attached to this pay policy statement at **Appendix A**.

Public Health

Following the transfer of responsibility for public health to local authorities, on 1 April 2013 those employees of the NHS assigned to the area transferring, including the Director of Public Health, transferred to the employment of the Authority on their current terms and conditions of employment including salary and membership of the NHS pension scheme. The Director of Public Health is a statutory appointment.

Tax Avoidance Measures

All chief officers are remunerated via monthly salary payments through PAYE. Appropriate tax and national insurance deductions are made in accordance with HMRC regulations and there are no arrangements in place for the purpose of minimising tax payments.

5. Policy on Remunerating the Lowest Paid Employees in the Workforce

Pay levels for specific posts are determined through a job evaluation system. Job Evaluation is a systematic way of determining the value of a job in relation to other jobs in the organisation. The job evaluation scheme provides an analytical approach to evaluating the job value through allocating points to different factors (responsibilities and duties) of the job role, the total score of which equates to a grade within the Authority's pay and grading structure. The Authority uses the National Joint Council Local Government Services Job Evaluation Scheme (the NJC Scheme) to evaluate all posts on Bands 1 to 8 (this covers spinal column point 5 to 28 of the NJC pay spine).

The pay levels are increased in accordance with any nationally agreed pay awards as determined by the National Joint Council (NJC) for Local Government Services.

Remuneration of Lowest Paid Employees

- a. The lowest pay point in this Authority is spinal column point 5 which relates to an annual full time salary of £12,435 and can be expressed as an hourly rate of pay of £6.45. This pay point and salary is the lowest pay point routinely used by the Authority for its substantive roles determined by the Authority as part of its pay and grading structure for employees employed on Local Government Services Terms

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and Conditions as at 1 April 2013 and has been applied since that date. This is the definition of the “lowest paid employees” adopted by the Authority for the purposes of this Pay Policy Statement, and is only increased in accordance with any nationally agreed pay awards as determined by the NJC for Local Government Services.

- b. There is no bonus pay.
- c. Additional allowances or other payments are made in connection with an employee’s pattern of hours e.g. shift work, but these are only paid in accordance with the terms and conditions of employment that have been negotiated and agreed through appropriate collective bargaining mechanisms (national or local) or as a consequence of Authority decisions.
- d. There are no benefits in kind.
- e. Redundancy payments are paid in accordance with the Authority’s Discretionary Compensation Policy. [Discretionary Compensation Policy](#) .
- f. Based on the application of the job evaluation process, the Council uses the nationally negotiated, National Joint Council (NJC) pay spine as the basis for its local grading structure for all posts graded up to and including Band 8 (this covers spinal column points 5 to 28 of the NJC pay spine.)

6. Policy on the Relationship between Chief Officer Remuneration and that of Other Staff

This section sets out the Authority’s overall approach to ensuring pay levels are fairly and appropriately dispersed across the organisation, including the current pay multiple which applies within the Authority.

The Authority believes that the principle of fair pay is important to the provision of high quality and well-managed services and is committed to ensuring fairness and equity in its remuneration practices. The Authority’s pay policies, processes and procedures are designed to ensure that pay levels are appropriately aligned with, and properly reflect, the relative demands and responsibilities of each post and the knowledge, skills and capabilities necessary to ensure that the post’s duties are undertaken to the required standard, as well as taking account of relevant market considerations, if necessary. This includes ensuring that there is an appropriate relationship between the pay levels of its senior managers and of all other employees.

The Code of Recommended Practice for Local Authorities on Data Transparency, issued by the Department for Communities and Local Government, recommends that the Authority publishes its “pay multiple”, i.e. the ratio between the highest paid salary and median average salary of the whole of the Authority’s workforce.

The highest paid salary in this Authority is £178,476 which is paid to the Chief Executive. The average median salary in this Authority (not including employees in schools maintained by the Authority) is £19,317. The ratio between the two salaries, the ‘pay multiple’ is 9.2:1. This Authority does not have a policy on maintaining or reaching a specific ‘pay multiple’, however the Authority is conscious of the need to ensure that the salary of the highest paid employee is not excessive and is consistent with the needs of the Authority as expressed in this pay policy statement.

7. Approval of Salary Packages of £100,000 pa or more

The Authority will ensure that full Council must approve any salary package of £100,000 pa or more before it is offered in respect of a new appointment. This does not apply to offers of appointment made to employees employed in schools maintained by the Authority. The salary package will be defined as base salary, routinely payable allowances and any benefits in kind that are due under the contract.

8. Severance Payments for Chief Officers

If the Council is considering making a severance payment to a Chief Officer the decision as to whether such a payment should be made will be taken by Staffing Committee or a sub-committee of Staffing Committee both of which are sub-committees of full Council provided that if the proposed severance payment is £100,000 or more, (excluding accrued pension rights) then the decision as to whether the payment should be made will be taken by full Council.

9. Flexibility to Address Recruitment Issues for Vacant Posts

In the vast majority of circumstances the provisions of this pay policy statement will enable the Authority to ensure that it can recruit effectively to any vacant post. There may be exceptional circumstances when there are recruitment difficulties for a particular post and where there is evidence that an element of the overall remuneration is not sufficient to secure an effective appointment. This pay policy statement recognises that this situation may arise in exceptional circumstances and therefore a departure from this policy can be implemented without having to seek full Council approval for a change of the pay policy statement. Such a departure from this pay policy statement will be expressly justified in each case and will be approved through an appropriate Authority decision making process.

10. Amendments to the Policy

If a change to this pay policy statement is considered to be appropriate during the year, then a revised draft pay policy statement will be presented to full Council for consideration.

11. Policy for Future Years

This pay policy statement will be reviewed each year and will be presented to full Council each year for consideration in order to ensure that a policy is in place for the Authority prior to the start of each financial year.

12. Publication

The Authority will publish this pay policy statement on its website (www.bradford.gov.uk) as soon as is reasonably practicable after it has been approved by Council. Any subsequent amendments to this pay policy statement made during the financial year to which it relates will also be similarly published. The Authority currently publishes information on Chief Officer remuneration in its Annual Statement of Accounts in accordance with the requirements of the Accounts and Audit (England) Regulations 2011. [Statement of Accounts 2012-13](#)

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Appendix A - Other Aspects of Chief Officer Remuneration

Aspect of Chief Officer Remuneration	Authority Policy
Recruitment	The post will be advertised and appointed to at the appropriate approved salary grade and pay range for the post in question (as set out in Section 4) unless there is good evidence that a successful appointment of a person with the required skills, knowledge, experience, abilities and qualities cannot be made without varying the overall remuneration. In such circumstances a variation to the remuneration package may be appropriate under the Authority's pay policy statement and any variation will be approved through the appropriate decision making process. The Authority has a relocation scheme that provides assistance to all new employees including Chief Officers meeting the relocation criteria up to a maximum of £5,750.
Pay Increases	The Authority will apply any pay increases that are determined by relevant national negotiating bodies.
Performance Related Pay	The terms of the contract of employment do not provide for performance related pay.
Earn-Back (Withholding an element of base salary related to performance)	The terms of the contract of employment do not provide for an element of base salary to be withheld related to performance. Any areas of underperformance are addressed in accordance with relevant Authority procedure.
Bonuses	The terms of the contract of employment do not provide for the payment of bonuses.
Ex- Gratia Payments	The Authority does not make ex gratia payments.
Honoraria	Honoraria payments are additional payments paid to employees for increased duties and responsibilities. Honoraria will only be considered where employees take on additional duties and responsibilities beyond the remit of their substantive role and would be subject to approval through the appropriate decision making process.
Expenses	The Authority pays reasonable out-of-pocket expenses actually incurred.
Local Government Pension Scheme (LGPS)	<p>The Authority provides access to the Local Government Pension Scheme for Chief Officers in accordance with the statutory provisions of the scheme.</p> <p>The employer's contribution rate for all Authority employees who are members of the LGPS is currently 15% (1 April 2013) of salary and is set by actuarial variation by the West Yorkshire Pension Fund every 3 years. How much employees pay themselves in pension scheme contributions depends on how much they earn, the contribution rates from 1 April 2014:</p> <p>Employees earning between £60,001 and £85,000 contribute 9.9%. Employees earning between £85,001 and £100,000 contribute 10.5%. Employees earning between £100,001 and £150,000 contribute 11.4%. Employees earning more than £150,001 contribute 12.5%.</p>

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Aspect of Chief Officer Remuneration	Authority Policy
Termination Payments and payment of pension benefits on termination	<p>There are no separate provisions for termination payments for Chief Officers. Redundancy payments and pension benefits will be paid in accordance with the Authority's Discretionary Compensation Policy Discretionary Compensation Policy the Authority's Flexible and Early Retirement Policy Flexible & Early Retirement Policy and the Local Government Pension Scheme Regulations if the officer is a member of the Local Government Pension Scheme.</p> <p>The Authority's approach to employee's requests under the LGPS for early retirement or flexible retirement is set out in the Authority's Flexible & Early Retirement Policy. (Flexible retirement gives access to accrued pension, whilst allowing the scheme member to continue working).</p> <p>Other than payments referred to above the Authority's policy is not to make any other termination payments, other than where it has received specific legal advice to the effect that a payment may be necessary in appropriate cases to eliminate risk of successful legal claims or to settle legal proceedings against the Authority.</p>
Election Fees	<p>The Chief Executive receives fee payments pursuant to his/her appointment as Returning Officer at elections. The fees paid in respect of district elections vary according to the size of the electorate and number of postal voters and are calculated in accordance with the allowance set by the Authority. Fee payments for national and European elections are set by central government and are, in effect, not paid by the Authority, as the fees are reclaimed.</p> <p>Separate payments set by the Authority are made to the City Solicitor as Deputy Returning Officer, in accordance with the same principles for the Returning Officer as described above.</p> <p>The amounts paid are published on the Authority's website in the Annual Statement of Accounts in accordance with the requirements of the Accounts and Audit (England) Regulations 2011.</p> <p>Statement of Accounts 2012-13</p>
Re-employment of Chief Officers in receipt of a LGPS Pension or a redundancy/severance payment	<p>The Authority is under a statutory duty to appoint on merit (section 7 Local Government and Housing Act 1989) and has to ensure that it complies with all appropriate employment and equalities legislation. The Authority will always seek to appoint the best available candidate who has the skills, knowledge, experience, abilities and qualities needed for the post. The Authority will therefore consider all applications from candidates to try to ensure the best available candidate is appointed. If a candidate is a former employee in receipt of a LGPS pension or a redundancy payment this will not rule a candidate out from being re-employed by the Authority. If a former employee leaves the Authority by reason of redundancy the individual cannot be reappointed to their old post as it will not exist. The Authority will apply the provisions of the Redundancy Payments (Continuity of Employment in Local Government, etc) (Modification) Order 1999 regarding the recovery of redundancy payments where appropriate. Pension Regulations also contain provisions to reduce pension payments in certain circumstances to those in receipt of a pension who return to work within the local government service.</p>
Car allowance payment	<p>From 1 April 2014 all Chief Officers will be paid Car Allowances in line with HMRC rates.</p>

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Aspect of Chief Officer Remuneration	Authority Policy
Provision of Mobile Telephones/Communication device	Where appropriate a mobile communications device will be provided for business use and work related costs will be met by the Authority.
Professional subscriptions*	The Authority pays the annual subscription to one relevant professional body.
Provision of ICT equipment*	As part of the Authority's approach to flexible working the Authority will make a contributory payment towards set up, rental costs and ongoing work related costs of ICT equipment to be used at home, upon production of appropriate invoices.

* These allowances are currently under review as the Authority looks to reduce the costs associated with employees' terms and conditions of employment.