
CABINET PROPOSAL

PAY POLICY 2015/16

Reason for this Report

1. To ask the Council to agree a Pay Policy Statement for 2015/16, in accordance with the requirements of the Localism Act 2011.

Background

2. The City of Cardiff Council understands the importance of having a clear written policy on pay for employees. The policy statement will provide a framework to ensure that employees are rewarded fairly and objectively without discrimination.
3. The Council also has a statutory requirement under the Localism Act 2011 to prepare a pay policy statement on an annual basis. The first statement was in place by 31st March 2012 and they have been produced annually since. Agreement (and subsequent publication) of this fourth annual Pay Policy Statement will ensure continued compliance with this legislation.
4. The focus of the legislation is about transparency of pay for Chief Officers and how their pay compares with lower paid employees in the Council. However, in the interests of transparency and accountability the Council has chosen since 2011 to take a broader approach and produce a policy statement covering all employee groups with the exception of teachers (as the remuneration for this latter group is set by the Secretary of State and therefore not in local authority control). This policy excludes Members of the Council as they are not employees and are governed by separate legislation via the Independent Remuneration Panel for Wales
5. The legislation also requires the Council to provide information about severance/redundancy payments that are made to employees who leave the organisation. The Voluntary Severance policy was last reviewed by Cabinet in January 2015 with the changes taking effect from 3rd April 2015.
6. The annual pay policy reflects the requirements of the Standing Orders (Wales) Amendment Regulations 2014.

7. The above amendments to Standing Orders introduced a new requirement that: *“The relevant authority [i.e. full Council] must determine the level, and any change in the level, of the remuneration to be paid to a chief officer”*
8. The impact of this amendment is that *all* changes to chief officer pay must be voted on by full Council, not just those which are determined locally. This includes any pay rises which have been nationally negotiated by the JNC for Chief Officers and these now cannot be paid unless and until they have been agreed by full Council. As the Chief Officers (including Operational Managers) of this Authority are employed under JNC terms and conditions which are incorporated into their contracts of employment, they will be contractually entitled to any JNC pay rises and a decision to withhold payment (unless preceded by action to effect appropriate changes to contracts) could result in claims against the Authority of ‘unlawful deduction from wages’ or ‘breach of contract’.
9. Clearly seeking full Council’s determination to pay JNC nationally agreed pay rises at the time they are agreed is likely to cause delay in their payment. The WLGA has therefore pursued this matter with Welsh Government on behalf of local authorities in order to seek a pragmatic solution. As a result it has been agreed that the requirement that full Council must determine nationally agreed contractually entitled pay rises for Chief Officers can be met by full Council voting to on an appropriate resolution to insert a suitable clause in their Pay Policy Statements to cover this issue. One of the recommendations of this Report is presented to enable this Authority to meet this new requirement as outlined.
10. Should the Council at any time decide that it does not wish to implement nationally negotiated JNC pay increases then that would need to be a decision of Full Council, and the Pay Policy Statement would need to be amended again to reflect that decision. The Council’s commitment regarding the payment of all national pay awards is also reflected in the “Partnership for Change: Reform Agenda “ report, agreed by Cabinet in January 2015. Attached as Appendices 2 and 3 are the 2015/16 Pay Award Agreements for NJC for Local Government Services and JNC for Chief Officers
11. Welsh Government guidance on Pay Policy Statements has stated that where a Chief Officer is in receipt of a severance package above £100,000 this must be agreed by full Council. The cap on redundancy payments in the Council from 3 April 2015 is £20,880 (£21,375 from 6th April 2015 as the weekly maximum rises to £475) so a redundancy payment alone will not need to go to full Council. However, any salary paid in lieu and the full cost of early release of pension must be included when looking at the total cost of a package and so there may be instances where agreement of full Council will be required. This is incorporated into the proposed policy in paragraph 37. It should be noted that the WLGA are currently seeking QC advice on the Welsh Government guidance relating to a number of matters including severance packages above £100,000 being agreed by Council.

12. The policy also reflects the proposed changes to Tier 1 senior management structure of the Council as final proposals were agreed by Cabinet, Employment Conditions Committee and Council in February.2015.

Reasons for Recommendation

13. To respond to the legal requirement under the Localism Act 2011 but production of the policy statement will also provide openness and accountability in how the Council rewards it staff.

Legal Implications

14. Under Section 38 of the Localism Act 2011 the Council must prepare a Pay Policy Statement for each financial year before the commencement of that year. The Pay Policy Statement for 2015/16 must therefore be approved by 31st March 2015.The Act requires the Policy to cover certain specific matters and the Welsh Government has issued statutory Guidance in relation to Pay Policies. The proposed Pay Policy for 2015/16 meets the requirements of the Act and Welsh Government Guidance. The Pay Policy must be published on the Council's website. The Council's pay structures are considered to be compliant with Equalities legislation.

Financial Implications

15. The rates of pay and conditions set out in the Pay Policy Statement are reflected in the Council's Budget for 2015/16

Human Resource Implications

16. The recommendation will not impact on employees across the Council as it merely outlines in one policy, existing and agreed arrangements for pay and remuneration of employees.

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Council is recommended to:

- 1) Approve the attached Pay Policy Statement 2015/16 (Appendix 1)
- 2) In light of the issues outlined in paragraphs 7-10 of this report, agree that the Authority's Pay Policy Statement will include the following paragraph:
 - 14.2 The JNC for Chief Officers negotiates on national (UK) annual cost of living pay increases for this group, and any award of same is determined on this basis. Chief Officers employed under JNC terms and conditions are contractually entitled to any national JNC pay rises. This Council will therefore pay these nationally agreed pay awards as and when determined unless full Council decides otherwise.

- (3) agree that the national pay award for JNC Chief Officer from 1st January 2015 be agreed. The pay award is 2% for salaries below £99,999. There is no pay award for salaries above £100,000.

THE CABINET

19 March 2015

The following appendices are attached:

Appendix 1 – Pay Policy Statement 2015/16

Appendix 2- NJC for Local Government Services : Pay Award Agreement
2015/16

Appendix 3 – JNC for Chief Officers : Pay Award Agreement 2015/16