

CITY OF CARDIFF COUNCIL**PAY POLICY STATEMENT 2016/17****INTRODUCTION AND PURPOSE**

1. The City of Cardiff Council recognises the importance of managing pay fairly and consistently in a way that motivates employees to make a positive contribution to the Council's business. The decisions that are taken regarding pay are crucial to maintaining equality across the Council. The production of a Pay Policy Statement supports this approach and will provide transparency.

SCOPE

2. The Localism Act 2011 requires authorities to develop and make public a pay policy statement on all aspects of Chief Officer remuneration (including on ceasing to hold office), and that pertaining to the 'lowest paid' in the authority, explaining their policy on the relationship between remuneration for Chief Officer and other groups. However, in the interests of transparency and accountability the Council has chosen 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 does not apply to Members of the Council as they are not employees and are governed by separate legislation via the Independent Remuneration Panel for Wales.

LEGISLATION

3. In determining the pay and remuneration of all its employees, the Council will comply with all relevant legislation. This includes the Equality Act 2010, Part Time Employment (Prevention of Less Favourable Treatment) Regulations 2000, Agency Workers Regulations 2010 and where relevant the Transfer of Undertakings (Protection of Employment) Regulations 2006. With regard to the Equal Pay requirements contained within the Equality Act, the Council will ensure 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.
4. This policy statement incorporates the Cardiff Council's pay policy statement as required by the Localism Act 2011. This policy statement also complies with requirements under Section 143A of the Local Government (Wales) Measure 2011 and Section 39 of the Local Government (Wales) Act in relation to the Independent Remuneration Panel for Wales.

RESPONSIBILITY AND SCOPE

5. The Council is directly responsible for a budget of £570 million (2016/17) and for the employment of 13,145 employees (as at December 2015). The Council provides services to a total population of 346,100 residents (according to the 2011 Census). Cardiff's Liveable City Report has given an updated figure for October 2015 as 354,300, residents. In January 2015 the Council was recorded as having a Council housing stock of 13,646 and in September 2015 there were 53,056 pupils enrolled in

our schools. During 2013 there were also 18.9m visitors that came to the city, of those some 17.07m were day visitors.

DEFINITIONS

6. **Chief Officer** – the Localism Act 2011 defines Chief Officer as:
- Head of Paid Service - in Cardiff this is the Chief Executive
 - Monitoring Officer – in Cardiff this is the Director of Governance & Legal Services
 - Statutory Chief Officers – in Cardiff these are -
 - Director for Education and Lifelong Learning,
 - Director of Social Services
 - Corporate Director Resources who undertakes the role of Section 151 Officer
 - Non-statutory Chief Officers – this refers to non-statutory posts that report directly to the Head of Paid Service so in Cardiff this would be –
 - Director for Economic Development
 - Director for City Operations
 - Director for Communities, Housing and Customer Services.
 - Deputy Chief Officers – this refers to officers that report directly to statutory or non-statutory Chief Officers. In Cardiff this includes –
 - Assistant Director for Education and Lifelong Learning
 - Assistant Director for Children’s Services
 - Assistant Director for Adult Services
 - Assistant Director for Environment
 - Assistant Director for Housing and Communities
 - Assistant Director for Customer Services and Communities
 - Head of Service for Finance
 - Head of Performance and Partnership
 - Chief Officer for HR People Services

There are also some Operational Managers that report directly to statutory or non-statutory Chief Officers (Directors of Economic Development; Governance and Legal Services; Social Services; and City Operations) and so for the purposes of this policy these posts are included within this definition. Operational Managers are employed on the same terms and conditions as the Council’s Heads of Service and Chief Officers as indicated in paragraph 13.1.

7. **Lowest Paid Employees** – the Localism Act 2011 requires the Council to define its ‘lowest paid employee’ within our pay policy statement. Within the Council our lowest paid employees are those appointed on SCP6 of the NJC nationally agreed pay spine. However, since 1st September 2012 the Council has adopted the Voluntary Living Wage for its’ employees. Therefore, the minimum pay is currently £7.85 per hour. This is to rise to £8.25 per hour from 1st April 2016.
8. The Government will introduce a compulsory National Living Wage for over 25 year olds at £7.20 per hour from April 2016. Therefore this will not impact on the Council as the Voluntary Living Wage has a higher hourly rate at £8.25 (from 1st April 2016). The impact on budgets will be considered by Finance.
9. **Pay** – the Localism Act 2011 defines remuneration as ‘salary, bonuses, charges, fees or allowances payable, any benefits in kind, increase or enhancement of pension entitlement. This definition is adopted for the term **pay** used in this policy.

KEY PRINCIPLES

10. This policy statement aims to ensure that all employees are rewarded fairly and without discrimination for the work that they do. It reflects fairness and equality of opportunity, the need to encourage and enable employees to perform to the best of their ability and the commitment to operate a transparent pay and grading structure.
11. The Council recognises that pay is not the only means of rewarding and supporting employees and offers a wider range of benefits, i.e. flexible working, access to learning, etc.
12. To ensure these principles are embedded the Council will ensure that there are clear and rational processes for setting and reviewing salaries for all employees, and that there is sufficient flexibility to take into account the pay market and recruitment and retention factors.
13. Any policy statement on pay has to be affordable and support the provision of high quality public service.

PAY DETAILS

14. Pay Ranges – previous ‘NJC Green Book’ and ‘JNC Craft’ Employees
 - 14.1 All previous NJC Green Book and JNC Craft positions within the Council have gone through a job evaluation (JE) process using the Greater London Provincial Council (GLPC) scheme, following the signing of Collective Agreements with UNISON, GMB and Unite.(Green book) and UNISON, GMB , Unite and UCATT (JNC Craft)
 - 14.2 The Council has linked the scores from the job evaluation results directly to the NJC pay structure. This national pay structure ranges from spinal column point (SCP) 6 to 49 which equates to £13,614 (proposed £14,514 from 1st April 2016) to £42,032 (proposed £42,452 from 1st April 2016). Within Cardiff we have agreed 10 grades that span across SCPs 6-46 which equates to £13,614 (proposed £14,514 from 1st April 2016) to £40,217 (proposed £40,619 from 1st April 2016). Each grade has a number of incremental points. More information about the GLPC Scheme and the grades of the Council can be found in the Council’s Single Status Collective Agreement. The agreed grades can be seen at Annex 1.
 - 14.3 When negotiating the Single Status Collective Agreement it was agreed that the Council would not use the lowest point of SCP4 and so we deleted that from our pay range along with SCP5 being deleted from 1st October 2015. This had a positive impact on the lowest paid employees of the Council. However, please note that as per paragraph 6 the Council since September 2012 has paid the Voluntary Living Wage.
15. Pay Ranges –Chief Officers and Operational Managers
 - 15.1 Section 143a of the Local Government (Wales) Measure 2011, as inserted by section 63 of the Local Government (Democracy) (Wales) Act 2013 refers to the Independent Remuneration Panel in Wales (“the IRP”) and sets out their functions in relation to salaries of heads of paid service. Authorities must, before making a change to the salary of its head of paid service which is not commensurate with a change to the salaries of the authority’s other staff:
 - consult the IRP about the proposed change; and

- have regard to any recommendation received from the IRP when deciding whether or not to proceed with making the change

15.2 Section 39 of the Local Government (Wales) Act then extended the duties of the Independent Remuneration Panel in Wales (the IRP) from 26/1/16 to require that all local authority proposed chief officer changes in pay which are ‘not commensurate with a change to the salary of the authority’s other staff’ be submitted to the IRP for their recommendation before the change is made, and that the authority have regard to any recommendation received from the IRP when deciding whether or not to proceed with the change. Clarification has now been received from the IRP in relation to Section 39 of the Local Government (Wales) Act 2015 regarding salaries of Chief Officers. The IRP have confirmed that it will be sufficient for the Welsh Local Government Association (as the Local Government Employers Organisation for Wales) to notify the IRP of nationally negotiated pay increases for Chief Officers rather than each authority having to do so individually. The IRP however reserves the right to examine the award as both appropriate and reasonable and have agreed with WLGA to reach a conclusion within a timescale that does not delay payment.

15.3 The Council will abide by both these provisions and all references to Council processes for determining any aspect of chief executive or chief officer pay should be read as including this stage, where the relevant change is not ‘commensurate with a change to the salary of the authority’s other staff’.

15.4 Posts at Operational Manager and above are employed on JNC Chief Officer terms and conditions and pay levels for these posts have been evaluated using the Hay Job Evaluation Scheme since 1999.

15.5 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.

15.6 The following table shows the pay for the Senior Management structure:

Level	Salary*
Chief Executive	£170,000
Corporate Director Resources	£130,000
Directors	£120,000
Chief Officers Assistant Directors	£81,600
Operational Managers	<u>Level 1</u> 5 points from £53,596 - £65,313 <u>Level 2</u> 5 points from £43,8622 - £52,984

* The National Pay award for JNC for Chief Officers and JNC for Chief Executives not yet finalised for 2016/17.

15.7 When a Hay Job Evaluation is carried out on Chief Officers posts Hay are asked to provide information about salary levels based on their assessments of relative job sizes and benchmarking against market comparisons for posts of similar size and complexity. Any report from Hay on changes to salary levels would be presented to the Council’s Employment Conditions Committee (ECC) which has the following

functions delegated to it under the Council's Constitution: (a) *To consider and determine policy and issues arising from the organisation, terms and conditions of Chief Officers and Deputy Chief Officers (as defined in the Local Authorities (Standing Orders) (Wales) Regulations 2006), together with any other category of employee specified in Regulation from time to time where this is necessary, subject to the approval of Council in respect of any determination or variation of the remuneration of Chief Officers.* (b) *To decide requests for re-grading of Chief Officers and Deputy Chief Officers (as defined in the Local Authorities (Standing Orders) (Wales) Regulations 2006), together with any other category of employee specified in Regulation from time to time, whether by way of appeal by an employee against a decision to refuse a re-grading application or to decide applications for re-grading which are supported, subject to the approval of Council in respect of any determination or variation of the remuneration of a Chief Officer.*

15.8 Since 2009/10 the Council has published pay details for Chief Officer posts on its website, while prior to this the number of officers at each salary band over £60,000 were set out. The information can be found in the 'Statement of Accounts' which is accessed via the tab 'Your Council' and then the link to 'Council Finance'. The Chief Executive pay has been published on the website since 2010.

15.9 The current pay levels within the Council define the multiple between the lowest paid (full time equivalent) employee (£15,917) and the Chief Executive (£170,000) as [1:11] and; between the lowest paid employee (£15,917) and median Chief Officer (£120,000) as [1:8].

The multiple between the median full time equivalent earnings (£21,058) and the Chief Executive (£170,000) is [1:8] and; between the median full time equivalent earnings (£21,058) and median Chief Officer (£120,000) is [1:6].

These figures are based on proposed basic salary on 1st April 2016.

15.10 The Council does not use performance related pay or bonuses for Chief Officers.

16. Pay Ranges – Employees other than Chief Officer and previous 'Green Book' and 'Craft' employees

16.1 The Council also has employees on other national terms and conditions, i.e. JNC Youth and Community, Soulbury and Teacher terms and conditions. Pay for these are based on the relevant nationally agreed rates of pay. Pay rates are included in Appendix 2 for information.

17. Incremental Progression – all employees

For 'Green Book', 'Craft' employees and Operational Managers incremental progression is not automatic but is dependent upon a successful performance review. Following a successful performance review increments are normally effective from the 1st April each year. For 'Green Book' and 'Craft' employees, this requirement is detailed in the relevant Single Status Collective Agreement and for Operational Managers this is contained within their national terms and conditions.

18. Salary on Appointment – all employees

Posts are advertised on the agreed grade/ range for that particular post and information regarding the minimum and maximum pay is provided in the

advertisement. In practice most appointments are made at the bottom of the range, but there is discretion to appoint at a higher point on the range. This would usually be to match a candidate's current level of pay in particular circumstances.

19. Pay Review – all employees

All pay is reviewed in line with the national pay awards negotiated by the local government employers in conjunction with the recognised Trade Unions at a national level. Please see paragraph 14.2 in relation to JNC for Chief Officer national pay awards.

20. Market supplements – all employees

It is recognised that there will be exceptional occasions where the market rate for certain key jobs is higher than that provided for by the new pay and grading structure. In these circumstances, the grading of the post will be reviewed in accordance with the new Market Supplement Scheme agreed as part of the Council's single status package. The scheme is applicable to all those covered by the green book, Craft employees, JNC for Chief Officers, JNC for Youth & Community Workers and those on Soulbury terms and conditions. The Market Supplement payment which was paid to Children's Social Workers was removed from 1st October 2015.

ADDITIONAL PAYMENTS

21. Employees employed under the previous 'Green Book' and 'Craft' terms and conditions are now paid on the same terms and conditions and pay scales through job evaluation. However, a tool allowance has been retained for relevant craft posts.

NJC 'Green Book' and JNC 'Craft' Employees

22. Additional payments are made as detailed in their respective Collective Agreements. The types of additional payments made include: overtime and Saturday and Sunday working at time and a half, recalls to work attract a minimum payment of 2 hours payment, public holiday payments, car allowances, motorcycle and bicycle allowances, stand by and call out payments, night /evening /unsocial hours payments, shift work allowance, sleeping in duty payment, first aid allowance, relocation payment and payment for professional subscriptions. For the financial year 2016/17 payments for interview expenses, relocation expenses and professional subscriptions (which are not legal requirements of a post) will continue to cease in order to manage a budget deficit.

23. Chief Officers and Operational Managers – the following additional payments are made:

23.1 Car, motorcycle and bicycle allowances - the Council has negotiated with trade unions to harmonise car allowances for all Council employees and uses the single rate based on the HMRC arrangements that will be paid for business mileage, i.e. currently 45p per mile.

23.2 Interview Expenses and Relocation Assistance For the financial year 2016/17 both of these will continue to cease in order to manage a budget deficit.

23.3 Professional Subscriptions – For the financial year 2016/17 these will continue only be paid by the Council where it is an essential requirement of the post. From 1st April

2016, there is a requirement for all Schools Learning Support Workers (Teaching Assistants) to be registered with the Education Workforce Council (EWC). As it is a statutory requirement, the Council will be funding the £15 registration fee for the 2,400 employees affected.

23.4 Returning Officer fees - the appointment of Electoral Registration Officer is required by S8 Representation of the People Act 1983, and the appointment of Returning officer by S35 Representation of the People Act 1983. In Cardiff whilst the role of Electoral Registration Officer and Returning Officer is part of the job description of the Chief Executive, it continues to be carried out by the Section 151 Officer. The fee for parliamentary, European Union, Welsh Government, Police and Crime Commissioner elections and all referenda are set by legislation. For these externally sponsored elections the fee is funded through grant awarded by the Welsh Government in respect of its election and by Central Government in respect of the other elections. Local authorities have the discretion to set the fee for local elections. In the Council the fee for local elections (including ordinary and casual) is set in line with the fee agreed for the Welsh Government elections.

24. Other Employees

The Council is looking to negotiate with trade unions to harmonise the additional payments for JNC Youth and Community and Soulbury employees with those paid to 'Green Book' and 'Craft' employees. Due to the work associated with the workforce package implemented by the Council, negotiations for the other groups have been delayed and will start in the next financial year.

HONORARIA AND ACTING UP SCHEMES

25. The Council has schemes for the payment where an employee acts up into a post at a higher level of pay or where they undertake additional duties at a higher level of responsibility. These schemes are applicable for all Council employees. For the financial year 2016/17 use of the honoraria scheme will continue to be withdrawn in order to manage a budget deficit.

ANNUAL LEAVE

26. Green Book and Craft employees, Chief Officers and Operational Managers
27 days & 32 days after 5 years service. Plus 8 bank holidays

27. Other Employees
JNC Youth & Community – 30 days & 35 days after 5 years service.
Soulbury – 25 days rising to 30 days after 5 years service.
Plus 8 bank holidays and also 4 extra statutory days for both groups

28. The entitlements to annual leave are pro rata for part time employees.

29. The Council introduced an Annual Leave Purchase scheme, whereby employees can purchase up to 10 days annual leave, which is then payable by monthly deductions during the leave year. As at December 2015, 156 employees had accessed the scheme.

PENSIONS AND REDUNDANCY/ SEVERANCE PAYMENTS

30. All Council employees (with the exception of teachers) are entitled to join the local government pension scheme (LGPS) which is offered by the Local Government Employers. If employees are eligible they will automatically become a member of the scheme (to join they must have a contract for at least 3 months duration and be under the age of 75). Employees can decide to opt out of the scheme. The benefits and contributions payable under the Fund are set out in the LGPS regulations.
31. The current level of contribution to the scheme by employees is:

FTE Pay	% Employee Contribution
Up to £13,500	5.5
£13,501 to £21,000	5.8
£21,01 to £34,000	6.5
£34,001 to £43,000	6.8
£43,001 to £60,000	8.5
£60,001 to £85,000	9.9
£85,001 to £100,000	10.5
£100,001 to £150,000	11.4
More than £150,000	12.5

32. Teachers are entitled to join the Teachers' Pensions scheme. As the Teachers Pensions scheme is operated externally further information can be found on www.teacherspensions.co.uk.
33. The Council's current published statements relating to pensions was agreed by the Cabinet on 12th June 2014 for implementation in 30th June 2014 and the relevant document is available on the Council's website. A change to the way redundancy payments are calculated was agreed by Cabinet on 26th January 2015 and is detailed below in paragraph 34.

The document provides details of the Council's policy on making discretionary payments on early termination of employment under Regulation 7 of the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006. The document also provides details of the Council's policy on increasing an employees total pension scheme membership and on awarding additional pension under Regulation 66 of the Local Government Pension Scheme (Administration) Regulations 2008.

34. The arrangements set out in the document referred to above applies to all employees of the Council irrespective of grade or status. The most relevant sections are detailed below:

The power to pay lump sum compensation of up to 104 weeks - the Council's policy for utilising this discretion is that the statutory redundancy table is multiplied by a factor of 1.5 subject to a maximum of 45 weeks from 3rd April 2015.

The power to Increase a Statutory Redundancy Payment – the Council's policy for utilising this discretion is that redundancy payments to be based on actual weeks pay up to a maximum of £475 per week (as at 3rd April 2015) or actual pay whichever is

the lesser. The maximum figure to be adjusted by the statutory amount for a week's pay, as announced annually by the Department of Business Innovation and Skills.

NATIONAL INSURANCE CHANGES FROM 1ST APRIL 2016

35. From 1st April 2016, employees paying into either the Local Government Pension Scheme or Teachers' Pension scheme will see an increase in their National Insurance contributions. This is due to the contracting out rebate being removed for employees. Therefore, an employee earning £25,000 will see an increase of approximately £22 per month in NI contributions. The Council will also see an increase in employers NI contributions due to the changes.

RE-EMPLOYMENT OF STAFF

36. The Council now has a policy regarding re-employment of employees (at any level) who take voluntary redundancy from the Council which was agreed at Cabinet on 26th January 2015.
37. The Council's agreed policy is that from April 2015 employees requesting voluntary redundancy have to agree to the following condition - given the Council's obligation to safeguard public funds, they will be precluded from returning to employment (which includes permanent, temporary, casual and agency) within the Council (including schools) for a period of 12 months from the date of their termination.
38. The Council does not believe that it employs any individual in a manner that seeks to avoid tax.
37. Within the Council under the pension fund discretionary policies there is generally no abatement of pension following re-employment except under the following circumstances:
 - (a) Where a person has been awarded compensatory added years (CAY's) under LGPS Compensation Regulations the pension may be abated. This is a requirement of the compensation regulations but these will be historical cases as CAY's can no longer be granted.
 - (b) Where a person has retired under tier 1 ill health provisions and is subsequently re-employed. This is because the certification for tier 1 supposes that the person is permanently unfit for all work. Other tiers of ill health or other retirements would not lead to abatement on re-employment.

Abatement, where it applies, would be based on non betterment that is the pension + pay in new employment should not exceed the pay at the point of retirement (adjusted for pension increases). Under (a) the abatement would only apply to the pension from CAY's.

ACCOUNTABILITY AND DECISION MAKING

38. In accordance with the Constitution of the Council the Cabinet are responsible for decision making in terms of pay, terms and conditions and redundancy arrangements in relation to employees of the Council. The exception to this is that the Employment Conditions Committee are responsible for posts at Chief Officer level and above as detailed above in paragraph 13.3.

39. Any redundancy packages above £100,000 must be agreed by full Council. The redundancy package includes any redundancy payment (from 3 April 2015, statutory redundancy pay of 30 weeks plus an additional 15 weeks), contractual notice period and full cost of early release of pension (as required under Regulation 68(2) of the Local Government Pension Scheme). Confirmation has been received that Welsh Government will recommend to the National Assembly to oppose the Legislative Consent Motion on the £95k cap on public sector exit payments as defined in the Enterprise Bill.
40. An updated pay policy statement will be agreed by the full Council annually in line with the legislation and full Council will ensure compliance with the pay policy statement. Where any legislation impacts on this pay policy, the Council will need to comply with such requirements, as appropriate.

REVIEW OF THE POLICY

41. This policy statement will be kept under review and developments considered in the light of external best practice and legislation. The policy statement may also be reviewed as part of the Council's existing Scrutiny arrangements. The Council will ensure the policy statement is updated on an annual basis in line with the requirement of the Localism Act 2011. The annual policy statement will be submitted to Cabinet and then full Council by March of each year.