

**CARDIFF COUNCIL**

**PAY POLICY STATEMENT 2018/19**

**INTRODUCTION AND PURPOSE**

1. 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.

**RESPONSIBILITY AND SCOPE**

5. The Council is directly responsible for a budget of £587 million (2017/18) and for the employment of 13,268 employees (as at December 2017). The Council provides services to a total population of 361,500 (rounded to the nearest 100) according to Nomis, a service within the Office of National Statistics. In the 2016-21 Cardiff

Housing Strategy report, the Council was recorded as having a Council housing stock of 13,657 and in September 2017 there were 53,997 pupils enrolled in our schools.

## 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 –
    - Corporate Director for People and Communities
    - Director for Economic Development
    - Director for Planning, Transport and Environment
  - 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 Corporate Landlord
    - Assistant Director for Housing and Communities
    - Assistant Director for Customer Services
    - Assistant Director for Street Scene
    - Head of Service for Finance
    - Head of Performance and Partnerships
    - Head of Democratic Services – statutory role which reports to the Monitoring Officer
    - Chief Officer for HR People Services
    - Chief Digital Officer
  - There are also some Operational Managers that report directly to statutory or non-statutory Chief Officers (Corporate Director Resources, Directors of Economic Development; Governance and Legal Services; Social Services) 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 17.
7. **Lowest Paid Employees** – the Localism Act 2011 requires the Council to define its 'lowest paid employee' within the pay policy statement. Within the Council the lowest paid employees are those appointed on SCP6 of the NJC nationally agreed pay spine. However, with effect from 1st September 2012 the Council adopted the Voluntary Living Wage for its employees. Therefore, the minimum pay is currently £8.45 per hour. This is to rise to £8.75 per hour from 1st April 2018.
8. The Voluntary Living Wage paid by the Council is higher than the Government's compulsory National Living Wage for over 25 year olds which currently is £7.50 per hour (from April 2017).

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, such as flexible working arrangements, access to learning and development, a Health and Wellbeing Charter and an Employee Assistance Programme, 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

### Pay Ranges – previous ‘NJC Green Book’ and ‘JNC Craft’ Employees

14. All former NJC Green Book and JNC Craft positions within the Council went through a job evaluation (JE) process using the Greater London Provincial Council (GLPC) scheme, and the Council has Collective Agreements in place with UNISON, GMB and Unite.(NJC Green Book) and UNISON, GMB, Unite and UCATT (JNC Craft). The JE process is also used to determine the grades for all new posts in these employee groups and ensures that men and woman receive equal pay for work of equal value.
15. The Council's pay and grading structure links the scores from the job evaluation process directly to the NJC pay structure. This national pay structure ranges from spinal column point (SCP) 6 to 49 which equates to £15,014 to £43,821 at 1<sup>st</sup> April 2017. Within Cardiff we have in place 10 grades that span across SCPs 6-46 which equates to £15,014 to £41,025, at 1<sup>st</sup> April 2017. 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 Annex1.
16. As a result of the Single Status Collective Agreement the Council ceased to use the lowest point of SCP4 from 1<sup>st</sup> April 2012, and SCP5 was deleted from 1<sup>st</sup> October 2015. This had a positive impact on the lowest paid employees of the Council.

However, it is important to note that as set out in paragraph 8, since September 2012 the Council has paid the Voluntary Living Wage.

17. From 1<sup>st</sup> April 2018 the National Employers for Local Government Services are proposing a two year pay offer, which is fully set out in Annex 2, and summarised as follows:

Year One – 1<sup>st</sup> April 2018

**Bottom Loading on SCPs 6 to 19 inclusive** - resulting in a new bottom rate of £8.50 per hour. It must be noted that the Council will continue to pay the Voluntary Living Wage where applicable.

**Increase on SCPs 20 and above** – resulting in a flat rate increase of 2.0%

Year Two – 1<sup>st</sup> April 2019

The ‘pairing off’ of the bottom twelve pay points into six new pay points, starting with a bottom rate (merged SCP 1 and SCP2 of £9.00. In addition. The proposal is to ‘iron out’ the random gaps between pay points and have increments of 2.0% between the new SCP1 and SCP 22.

From SCP 23 onwards, a flat increase of 2.0% is proposed, with the retention of the current random differentials.

18. If agreement is reached on the above proposals there may be a need to realign some the Council’s pay and grading structure with the new national scale.

Pay Ranges – Chief Officers and Operational Managers

19. 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 Korn Ferry Hay (formerly Hay) Job Evaluation Scheme since 1999.
20. 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.
21. The following table shows the pay for the Senior Management structure:

<b>Level</b>	<b>Salary*</b>
Chief Executive	£173,417
Corporate Director for Resources and Corporate Director for People and Communities	£132,613
Directors	£122,412
Chief Digital Officer	£98,270

Chief Officers, Assistant Directors	£83,240
Operational Managers	<u>Level 1</u> 5 points from £54,673 - £66,625 <u>Level 2</u> 5 points from £44,744 - £54,049

\* Effective from 1<sup>st</sup> April 2017 in line with JNC for Chief Officers and JNC Chief Executive national pay agreement.

22. When evaluating Chief Officer posts, Korn Ferry Hay are asked to provide information on salary levels based on their assessment of relative job sizes and benchmarking against market comparisons for posts of similar size and complexity. Any report from Korn Ferry 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:

- (i) *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.*
- (ii) *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.*

23. Since 2009/10 the Council has published pay details for Chief Officer posts on its website. Previous 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.

24. The current pay levels within the Council define the multiple between the lowest paid (full time equivalent) employee (£16,302) and the Chief Executive (£173,417) as [1:11] and; between the lowest paid employee (£16,302) and median Chief Officer (£83,240) as [1:5].

The multiple between the median full time equivalent earnings (£22,658) and the Chief Executive (£173,417) is [1:7] and; between the median full time equivalent earnings (£22,658) and median Chief Officer (£83,240) is [1:4].

These figures are based on basic salary on 1st April 2017.

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

### Pay Ranges – Employees other than Chief Officer and previous ‘Green Book’ and ‘Craft’ employees

26. 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 employees is based on the relevant nationally agreed rates of pay. Pay rates are included in Appendix 4 for information.

### Incremental Progression – all employees

27. Incremental progression for ‘Green Book’, ‘Craft’ employees and Operational Managers is not automatic but is dependent upon a successful performance review. Following a successful performance review, increments are normally effective from the 1<sup>st</sup> 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 terms and conditions.

### Salary on Appointment – all employees

28. Posts are advertised on the agreed grade and the minimum and maximum salary is stated. 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 or in particular circumstances.

### Pay Review – all employees

29. 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 20 in relation to JNC for Chief Officer national pay awards.

### Market Supplements – all employees

30. 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. Proposals to pay a Market Supplement must be supported by a full evidence based business case, and follow the agreed decision making processes of the Council.

## **ADDITIONAL PAYMENTS**

31. Employees employed under the previous ‘Green Book’ and ‘Craft’ terms and conditions are paid on the same terms and conditions and pay scales through Single Status. However, a tool allowance has been retained for relevant craft posts.

### NJC ‘Green Book’ and JNC ‘Craft’ Employees

32. 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. In order to manage an ongoing budgetary pressure, in the financial year 2018/19 payments for interview expenses, relocation expenses and professional subscriptions (which are not legal requirements of a post) will not be made. This has consistently been applied since the 2016/17 financial year.

#### Chief Officers and Operational Managers

33. Additional payments made include car, motorcycle and bicycle allowances which have been harmonised for all Council employees using the single rate based on the HMRC arrangements paid for business mileage, i.e. currently 45p per mile.
34. Interview Expenses and Relocation Assistance – Consistent with a decision applied since the 2016/17 financial year, these payments will not be made for the 2018/19 financial year.
35. Professional Subscriptions – For the financial year 2018/19 these will continue to only be paid by the Council where it is an essential requirement of the post.
36. 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 Corporate Director Resources. 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.

#### Other Employees

37. 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. The Council's intention is to commence negotiations in the next financial year.

#### **HONORARIA AND ACTING UP SCHEMES**

38. The Council has schemes for payment where an employee acts up into a post at a higher level of pay (Acting Up Scheme) or where they undertake additional duties at a

higher level of responsibility (Honoraria Scheme). These schemes are applicable for all Council employees, excluding teachers, however for the financial year 2018/19 use of the Honoraria Scheme will continue to be withdrawn in order to manage an ongoing budgetary pressure.

## ANNUAL LEAVE

### Green Book and Craft employees, Chief Officers and Operational Managers

39. The annual leave entitlement is 27 days, rising to 32 days after 5 years' service. Plus 8 bank holidays.

### Other Employees

40. The annual leave entitlement for JNC Youth & Community is 30 days, rising to 35 days after 5 years' service. The Soulbury entitlement is 25 days rising to 30 days after 5 years' service. Plus 8 bank holidays and 4 extra statutory days for both groups.
41. The entitlements to annual leave are pro rata for part time employees.
42. The Council has in place 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 January 2018, 192 employees had accessed the scheme in the 2017/18 annual leave year.

## GENDER PAY GAP REPORT

43. The Council has published a Gender Pay Gap report as part of its Annual Equalities Monitoring Report. The Council has a Job Evaluation process to determine the grades for all posts which ensures that men and woman receive equal pay for work of equal value. The following Gender Pay Gap information sets out the differences in the average pay between men and women as at 31<sup>st</sup> March 2017:

	Mean Hourly Rate	Median Hourly Rate
Male	13.40	12.01
Female	12.97	11.27
Pay Gap	3.21%	6.16%

44. The **mean** average involves adding up all of the hourly rates and dividing the result by how many numbers were in the list. The **median** average involved listing all of the hourly rates in numerical order. If there is an odd number of results, the median average is the middle number. If there is an even number of results, the median will be the mean of the two central numbers.
45. The quartile table below shows the proportion of male and female full-pay relevant employees in four quartile pay bands, which is calculated by dividing the workforce



into four equal parts. If there are number of employees on the same hourly rate of pay crossing two of the quartiles, males and females are split as evenly as possible across the quartiles.

<b>Quartiles</b>	<b>No of Male</b>	<b>%</b>	<b>No of Female</b>	<b>%</b>	<b>Total</b>
Q1	648	33.4	1295	66.6	1943
Q2	708	42.1	975	57.9	1683
Q3	863	47.9	937	52.1	1800
Q4	805	44.1	1019	55.9	1824
<b>TOTAL</b>	<b>3024</b>	<b>41.7</b>	<b>4226</b>	<b>58.3</b>	<b>7250</b>

## **PENSIONS AND REDUNDANCY/ SEVERANCE PAYMENTS**

46. 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.
47. The current level of contribution to the scheme by employees is:

<b>Contribution table since 2017/18</b>			
<b>Band</b>	<b>Actual pensionable pay for an employment</b>	<b>Contribution rate for that employment</b>	
		<b>Main</b>	<b>50/50 section</b>
1	Up to £13,700	5.5%	2.75%
2	£13,701 to £21,400	5.8%	2.9%
3	£21,401 to £34,700	6.5%	3.25%
4	£34,701 to £43,900	6.8%	3.4%
5	£43,901 to £61,300	8.5%	4.25%
6	£61,301 to £86,800	9.9%	4.95%
7	£86,801 to £102,200	10.5%	5.25%
8	£102,201 to £153,300	11.4%	5.7%
9	£153,301 or more	12.5%	6.25%

48. 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](http://www.teacherspensions.co.uk).
49. The Council's current published statement relating to pensions was agreed by the Cabinet on 12<sup>th</sup> June 2014 for implementation in 30<sup>th</sup> 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 26<sup>th</sup> January 2015 as part of the Voluntary Redundancy Policy, and is detailed below in paragraph 51.

50. 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 employee's total pension scheme membership and on awarding additional pension under Regulation 66 of the Local Government Pension Scheme (Administration) Regulations 2008.
51. The arrangements set out in the document referred to in paragraph 49 apply to all employees of the Council irrespective of grade or status. The most relevant sections are detailed below:
  - (i) **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 3<sup>rd</sup> April 2015.
  - (ii) **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 week's pay up to a maximum of £489 per week (as at 3<sup>rd</sup> April 2017) 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.
52. The policy effective since 5 April 2015 has been amended to take account of the decision of an Employment Appeal Tribunal (EAT) in the case of *University of Sunderland v Drossou* (13 June 2017). The EAT ruled that employer's pension contributions should be included in the calculation of a week's pay for calculations made under the Employment Rights Act 1996 (ERA). Sections 220-229 of the ERA set out the rules regarding the 'week's pay provisions' and the way a week's pay is used, which includes the calculation of redundancy pay.
53. The EAT held that a week's pay should include remuneration 'payable by the employer under the contract of employment' and that this value should not be limited by what the employee directly receives. The rationale offered by the EAT was that employer's pension contributions formed part of the overall package of 'remuneration' offered to an employee in return for their services. The result of this is that retrospective to 13 June 2017, where appropriate, the employer's pension contributions have been included in the calculation, subject to the £489 maximum.

## **RE-EMPLOYMENT OF STAFF**

54. Since 1<sup>st</sup> April 2015, the Council has had a policy regarding re-employment of employees (at any level) who take voluntary redundancy from the Council which was agreed at Cabinet on 26<sup>th</sup> January 2015.

55. The Council's agreed policy is that employees requesting voluntary redundancy have to agree to the condition that 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.
53. The Council does not believe that it employs any individual in a manner that seeks to avoid tax.
54. Within the Council, under the pension fund discretionary policies there is generally no abatement of pension following re-employment except under the following circumstances:
- (i) Where a person has been awarded compensatory added years (CAY's) under the 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.
  - (ii) 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.
55. Abatement, where it applies, would be based on non betterment that is the pension together with the pay in the 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.

## **NON GUARANTEED WORKING HOURS**

56. In December 2016 the Welsh Government issued principles and guidance on the appropriate use of non-guaranteed hours arrangements in the devolved public services in Wales. These principles and guidance were developed by the Public Services Staff Commission in social partnership with the Welsh Government's Partnership Council and its sector groups. The Council is committed to the principles determined by Welsh Government which apply to those employees who are employed on a relief, casual or sessional basis. These employees are used in services within the Council where there is either a need to bring in an additional workforce in order to cover peaks in workload or where the workload is on a one off basis.

## **ACCOUNTABILITY AND DECISION MAKING**

57. 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 is responsible for posts at Chief Officer level and above.

58. In accordance with the Localism Act 2011 redundancy packages above £100,000 for Chief Officers 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).
59. 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.

## **REVIEW OF THE POLICY**

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