

BRISTOL CITY COUNCIL

Overview and Scrutiny Management Board

11th July 2013

Report of: Overview and Scrutiny Management Board

Title: Inquiry Day on the Living Wage: Interim Report and Recommendations

Ward: Citywide

Officer Presenting Report: Shana Johnson, Scrutiny Co-ordinator

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RECOMMENDATION

That OSMB agrees recommendations to complete the report of the Inquiry Day on the Living Wage.

Summary

The report describes the context of the inquiry day and its relationship to the proposed Bristol Fairness Commission and suggests a draft recommendation for inclusion in the report of the Inquiry Day. Key issues and concerns identified on the day are attached in Appendix 1

The significant issues in the report are:

Context: paragraphs 3 and 4

Focus and output of inquiry: paragraph 5

Filmed living wage resource paragraph 7

Draft recommendation: paragraph 8

Key issues and concerns generated by inquiry day: Appendix 1

Living wage guiding principles: Appendix 2

Inquiry day programme: Appendix 3

Bristol City Council Pay Policy Statement: Appendix 4

Policy

1. N/A

Consultation

1. Internal and external

The key issues and concerns and living wage principles referred to in the recommendation were generated by inquiry day participants including elected members and representatives of Council teams and a range of external partners across sectors.

Context

2. The setting up of the Bristol Fairness Commission was announced shortly before OSM's inquiry day on the living wage was due to take place.

The Mayor and the OSMB agreed to work together to ensure that findings and recommendations from the inquiry day and the wider work of the Mayoral Fairness Commission would form a single body of work for the benefit of Bristol. It is therefore proposed that OSMB should refer the final report of the inquiry day to the Mayor, to be forwarded to the Fairness Commission

3. The inquiry day focussed on an overriding key question :

What key issues need to be addressed if employers across Bristol are to follow the Council's lead in offering a living wage to employees?

Participants had the opportunity to suggest issues and concerns which should be considered when debating whether Bristol should become a living wage city through discussion breaks and questions to a panel of expert witnesses.

The issues and concerns considered as priorities by the inquiry day participants are listed in Appendix 1, and attention is drawn to them in the draft recommendation. The inquiry also generated some guiding principles which might underpin future work on the living wage, and these are attached as Appendix 2.

4. The above material will form part of the final report of the inquiry day, which will include summaries of the expert witness presentations. These are listed in the inquiry day programme, Appendix 3. The finished report will be circulated to OSMB members before referral to the Mayor.
5. The inquiry day presentations, panel discussions and plenary were filmed and will be publicly available via the Council's YouTube channel once they have been checked by speakers. These will form a resource

for future work on the living wage and links will be included in the final report.

Draft recommendations

6. The OSMB recommends that:

- **The Mayor's Bristol Fairness Commission considers the report of the Inquiry Day on the Living Wage with particular to reference to Appendix 1: Living Wage Principles and Appendix 2: Key Issues and Concerns.**
- **That the Mayor requests the Bristol Fairness Commission to consider setting up a Living Wage Panel to consider how Bristol can move towards becoming a living wage city, and how this might be achieved, including seeking robust evidence from stakeholders.**
- **That the Panel pay particular attention to the support and encouragement of small businesses and voluntary and community sector employees.**
- **That in the meantime the Mayor supports officers working with Business West and KPMG to promote the living wage to employers in the city.**
- **The purpose of the panel will be to explore and provide support for implementation of a 'living wage' external to the council. As such, this should not reference the internal negotiations regarding the payment of a living wage to council employees as outlined in the Pay Policy statement for 2013/14 (Appendix 4)**

Other Options Considered

N/A

Risk Assessment

N/A

Public Sector Equality Duties

- 8a) Before making a decision, section 149 Equality Act 2010 requires that each decision-maker considers the need to promote equality for persons with the following "protected characteristics": age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation. Each decision-maker must, therefore, have due

regard to the need to:

- i) Eliminate discrimination, harassment, victimisation and any other conduct prohibited under the Equality Act 2010.
 - ii) Advance equality of opportunity between persons who share a relevant protected characteristic and those who do not share it. This involves having due regard, in particular, to the need to --
 - remove or minimise disadvantage suffered by persons who share a relevant protected characteristic;
 - take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of people who do not share it (in relation to disabled people, this includes, in particular, steps to take account of disabled persons' disabilities);
 - encourage persons who share a protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.
 - iii) Foster good relations between persons who share a relevant protected characteristic and those who do not share it. This involves having due regard, in particular, to the need to –
 - tackle prejudice; and
 - promote understanding.
- 8b) Not applicable at this stage – however, it would be necessary to produce a full equalities impact assessment of any decision of anybody to introduce or not to introduce a living wage for Bristol

Legal and Resource Implications

N/A at this stage

Appendices:

1. Living Wage principles
2. Key Issues and Concerns
3. Inquiry Day programme

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

Background Papers:

None

Living Wage Principles

Expert witnesses emphasised that common understanding of the economic and social context and aims of introducing a living wage was essential.

The following emerged as principles underpinning the living wage:

Living Wage is about:

- Reducing the wealth inequality between rich and poor, and thus indirectly education and health inequality
- Ensuring all can participate equally in public and community life
- Responsibility in employment and business
- Tackling in-work poverty
- Boosting the local economy by increasing spending power
- Bringing increased spending into poorer areas
- Improving business efficiency
- Taking children out of poverty
- Enabling people to survive financially without reliance on income supplements

Key Issues and Concerns

This appendix lists key issues and concerns which inquiry day participants recommended be addressed in order to take forward the development and implementation of a Bristol wide living wage policy.

General: principles, processes and approach

- What will be the process for deciding if Bristol should be a living wage city?
- What is the most effective approach for local authorities wishing to implement a citywide living wage?
- Joint working between the Council and Business West is essential
- The need for joined-up working between Council and other sectors
- If Bristol decides to be a living wage city, should it adopt the national living wage, or a version adapted to local conditions?
- How viable is a local adaption of the national living wage?
- Living wage for Council employees should be a starting point for the city as a whole and the region
- The living wage is about responsibility. How to inculcate a city wide sense of responsibility?
- Living wage should be seen as a first step in reducing income inequality, and therefore in reducing educational and health inequality

Contracts and procurement

- Ensure that the living wage is paid to contracted as well as directly employed staff
- Mechanisms for contract monitoring and encouraging a monitoring culture, to ensure suppliers and commissioned organisations are implementing and maintaining their living wage commitments
- Quality control and accreditation
- Raise awareness of procurement officers about the living wage especially in relation to problematic sectors e.g. social care
- Awareness of the dangers of firms opting for a living wage to win contract, not through commitment

Issues relating to specific sectors/employers

- Particular concerns about delivering wage to sectors where low pay is endemic, and where an acceptable level of service delivery is dependent on low pay, in particular the social care sector
- Apprenticeship and other low paid career access schemes- should the living wage apply to them?
- Mechanisms for supporting small and voluntary employers e.g. NI payback
- Effective ways of promoting the living wage to business / private sector
- Support for small and medium enterprises (SMEs) and voluntary sector organisations to pay a living wage, in context of the Council's commitment to contract to them
- The benefits and impacts for SMEs and charities
- Influencing education trusts to become responsible employers
- Should the local living wage be applied to new businesses and start ups

Evidence Base

- Importance of up-to-date knowledge about true nature of housing costs and who they are impacting on, in particular concrete information about proportion of families housed in private rented or social housing
- Living wage deliberations should be informed by robust data about where people live and work, and the local wealth/health gap

Communication and promotion

- Creating a compelling factual business case to present to employers – living wage as business improvement rather than as extra burden
- Good communications are essential to promote the benefits of the living wage
- Getting the message out to the wider community by use of champions

Impacts on workforce

- Impact of living wage on in-work benefits
- Preventing unintended consequences e.g. dilution or erosion of terms and conditions such as reduced length contracts, hours of work, permanency, safeguards, or trade-off of employment benefits against a living wage

**Bristol City Council
Overview and Scrutiny Management Committee**

Scrutiny Inquiry Day on the Living Wage: Programme

Venue: The Conference Hall, City Hall, College Green, Bristol BS1 5TR

Monday 10th June 2013

Overarching question:

What key issues need to be addressed if employers across Bristol are to follow the Council's lead in offering a living wage to employees?

Introduction

This inquiry day has been commissioned by the Council's Overview and Scrutiny Management Board (OSMB).

It will be exploratory in nature and will be a starting point for the Living Wage debate in Bristol, focusing on:

- The interface between living wage, poverty and benefits
- The Council's role as a commissioner of services and goods
- Public policy city wide

It will not address the Living Wage process currently in train within the Council.

Bristol's Mayor George Ferguson has recently announced the setting up of a Fairness Commission for Bristol. A living wage is a concept that is commonly associated with fairness commissions nationwide. The Mayor and the OSMB have agreed to work together to ensure that findings and recommendations from this Inquiry Day and the wider work of the Mayoral Commission form a single body of work for the benefit of Bristol.

Aims

- To understand the concept of a Living Wage
- To understand the context and identify underlying issues and debates
- To challenge commonly-held assumptions and expose myths about its implications
- To suggest ways in which discussion of the issue may be broadened out to include employers city-wide and across sectors

Programme

- 9.00 **Registration and refreshments**
- 9.30 **Welcome and introduction:** Gill Dixon, Inquiry Day Chair,
- 9.35 **Opening address:** George Ferguson, Mayor of Bristol
- 9.40 **Introductory exercise**
- 9.50 **What is a living wage?**
How is it calculated?
The poverty and benefits context
Sarah Vero, Living Wage Foundation
Matt Padley, Centre for Research in Social Policy
- 10.20 **Employers' perspectives**
John Savage CBE, Executive President, Business West
- 10.35 **Case study: KPMG**
Phil Cotton, Senior Partner, KPMG Bristol
- 10.45 **Discussion break** and refreshments
What are the key issues so far?
What do you still need to know?
- 11.10 **Experience in other local authorities: overview** Gill Dixon
- 11.20 **Case study: London Borough of Lewisham. Andy Murray, Procurement Strategy Manager**
- 11.40 **Discussion break**
What key issues need to be addressed if employers across Bristol are to follow the Council's lead in offering a living wage to employees?
+ Identify a question for the Panel
- 12.05 **Panel discussion**
The Panel will consist of the Chair and speakers and will discuss questions framed by participants in the previous discussion break
- 12.35 **Plenary: broadening the debate: what are the key issues? Where do we go from here?**

Feedback from discussion breaks

12.55 **Closing remarks:** Cllr. Derek Pickup, Chair of the Overview and Scrutiny Management Board

13.00 **Lunch**

Tweet the meeting: use **#livingwagebristol**

Recording

The inquiry day presentations and panel discussion will be filmed and placed on the Council's YouTube channel as a resource for the Fairness Commission and future work on the Living Wage.

Inquiry Day Chair and Speakers

Gill Dixon, Inquiry Day Chair

Gill has worked for Local Government for over 25 years, both in large Metropolitan Councils and also as Chief Executive of a District Council for nearly five years. She has now trained as an Executive Coach and has worked with a variety of Councils, including Bristol, and the Police, assisting senior managers to reach their full potential.

In addition, Gill has undertaken a variety of consultancy roles over the last five years. Many councillors and officers in Bristol will know her for her work in Bristol in 2009 and 2010 to establish Neighbourhood Partnerships. In addition she has undertaken two independent reviews of electoral administration in Bristol.

Gill has a professional background in community development, and throughout her time in local government has had a strong external and community focus, working in partnership with residents and agencies to tackle problems and deliver long lasting change.

Sarah Vero, The Living Wage Foundation

The Living Wage Foundation recognises and celebrates the leadership shown by Living Wage employers across the UK. We provide advice and support on how to implement the Living Wage, we offer accreditation through the Living Wage Employer mark and provide a forum for a strategic network of employers to publicly support the Living Wage. We were formed in 2011 by a coalition of grass roots campaigners and leading employers who saw an opportunity to develop and extend the reach of the Living Wage.

<http://www.livingwage.org.uk/>

Sarah Vero is Accreditation and Communications Officer at the Living Wage Foundation. Sarah's background is policy, campaigns and research. She has worked on a diverse range of social justice projects. Sarah was Executive Assistant at the Prison Reform Trust where she worked on alternatives to prison for women and people with mental health needs. Prior to that she worked as a Senior Parliamentary Researcher and Speechwriter for a backbench MP where she focused on access to cancer treatments, bioethics and public health.

Sarah has also worked as an MPs Caseworker providing information, advice and support

to individuals on subjects including benefits, finance, health, housing, immigration and social care.

Matt Padley, Centre for Research in Social Policy (CRSP)

The Centre for Research in Social Policy (CRSP) is an independent research centre based in the Department of Social Sciences at Loughborough University. Over the past 30 years, it has built a national and international reputation for high quality applied policy research on issues related to poverty, living standards and income adequacy. The Centre's biggest role at present is the researching and analysis of A Minimum Income Standard (MIS) for the United Kingdom. Funded by the Joseph Rowntree Foundation, this is the leading standard of its kind in the UK, where it is being used to set the living wage, and is being replicated in other countries seeking to establish benchmarks for acceptable household income levels rooted in social consensus.

<http://www.lboro.ac.uk/research/crsp/>

Matt Padley is a research associate at CRSP where he has worked since 2009. He works across the MIS programme, with particular responsibility for the management, analysis and application of MIS data. He is an experienced policy researcher and analyst with a keen interest in the delivery and impact of policy at the local level. He has undertaken research across a range of policy areas including accessibility, financial inclusion and debt. His principal interests lie in understanding the patterns, causes and consequences of social disadvantage particularly with regard to income, and understanding the interplay between policy, community involvement, collaboration/co-operation and co-production. Outside of his work at CRSP, Matt is a lecturer for the Open University and is involved in a number of local and city-wide community projects within Nottingham.

John Savage, Business West

Business West - Leading, Connecting, Growing Business

Our purpose is to help create jobs, grow GDP, influence planning and represent business long term.

As the Voice of Business in our area we are here to ensure business issues are at the heart of decisions taken at national, regional and local level, so together we can make a difference to the local and regional economy. We represent and work with over 6000 businesses across our network in Bath, Bristol, Swindon, Wiltshire and Gloucestershire. And, through our affiliation with British Chamber of Commerce we connect with more than 100,000 businesses in the UK.

Business West, a private company with a turnover circa £20m, provides a trusted local access point to a host of high quality business and export solutions to help business prosper and grow, both directly and via publicly funded contracts, e.g. UKTI international trade support.

<http://www.businesswest.co.uk/>

John Savage CBE Executive President Business West

John has acquired a broad range of business experience gained in hands-on management activity in a variety of sectors, e.g. distribution, engineering, property development.

He started his business leadership, representation and support career in 1989 when he became full-time Chief Executive of The Bristol Initiative which, through various mergers now forms part of Business West. John stood down as Joint Chief Executive of Business West in 2010 and is now its Executive President. John was awarded the CBE for services

to Business and Regeneration in the 2006 and amongst his other current responsibilities he is the Chairman of the University Hospitals Bristol Healthcare Trust, SW Regional Skills Partnership, Destination Bristol and BCDP.

BRISTOL CITY COUNCIL

PAY POLICY STATEMENT 2013/14

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Executive Summary

As a result of the pay arrangements in 2012/13:-

- The highest paid employee's salary was 12.35 times the lowest paid salary as at March 2013.
- 19.95 FTE employees earned the lowest salary
- 28.22 FTE employees were Chief Officers as at March 2013.
- Median Pay for Chief officers was £82,111 per annum.
- Mean Pay for Chief Officers was £86,584.18 per annum
- Median pay for employees other than Chief Officers was £24,646.00 per annum.
- Mean pay for employees other than Chief Officers was £25,413.49 per annum

During the financial year 2012/13 the following decisions were made in relation to chief officer posts:

- Deletion of the fixed term director post of Place Making Director
- Creation of the post of Service Director for Strategic Property
- Creation of the post of Commercial Director for Bristol Energy on a Fixed Term basis for 3 years. This post is to be funded from the EU grant for the Energy Investment Programme (ELENA), rather than the council budget revenue.
- The salary paid to the Chief Executive in post at the beginning of 2012-13 was £189,533. However, following the retirement of Jan Ormondroyd in July 2012, an interim chief executive was recruited on a spot salary of £150,000.

In addition to the above, the HR committee approved a non-consolidated pay award to all employees earning less than £7.30 an hour (the Living Wage). This was paid in October 2012. Consequently, the earnings ratio of the highest paid employee's salary (£150,000) to the full time equivalent pay received by the lowest paid employees (£14,083.82) was reduced to 10.65. Applying the earnings ratio of the former Chief Executive (£189,533) would have reduced the ratio from 15.61 to 13.45 as a result of the non-consolidated award.

The council intends to review its reward package for all employees in 2013/14 seeking to address issues of low pay, working arrangements and pay progression. Officers & Trade Unions have now commenced discussions.

The approach to Apprentice recruitment and retention was reviewed in accordance with the development priorities outlined in the 2012-13 Pay Policy Statement.

Introduction

This statement sets out the remuneration and severance arrangements of the Chief Officers of the Council who are the Chief Executive, Strategic Directors and Service Directors. It is planned to replace the role of Chief Executive with a new role of City Director in 2013/14. This statement also sets out the relationship between Chief Officers and other employees in the council, including the lowest paid.

Bristol City Council is required to prepare a pay policy statement for the financial year 2012-2013 and each subsequent financial year, under the provisions of the Localism Act 2011. Amendments to the policy can also be made in year.

The Act does not apply to schools and therefore this pay policy statement does not cover those Bristol City Council employees who are employed in Schools.

Where employees have transferred over to Bristol City Council from other organizations their pay and conditions may be protected under the statutory provisions of the TUPE regulations. Bristol City Council is required to comply with its legal obligations and the provisions outlined in this pay policy statement do not override any other statutory obligations that apply to the local authority.

This policy will be published on the council's website and will include links to other relevant policies. Further information will also be made available in accordance with the Code of Recommended Practice for Local Authorities on Data Transparency and by the Accounts and Audit (England) Regulations 2011.

Background and context

It is essential that we attract talented people to lead and deliver our services. However, this must be balanced with the prudent use of public funds. Given the level of responsibility it can be argued the council's chief officer roles are paid fairly modestly when compared to those in the private sector. Their salaries are also similar or less than those of comparable public sector organisations in the City of Bristol and the West of England.

Since 2008, the Council has also reduced the number of Chief Officers, re-investing the salary savings back into front line services. Chief Officer pay represented 1.47% of the total pay bill in 2012/13. Chief Officers are 0.44 % of the workforce (i.e. Of the 6,410.33 FTE employees 28.22 FTE employees are chief officers, which equates to 0.44% of the workforce).

In 2011, William Hutton was asked by the government to review pay in the public sector. He concluded that there are significant differences in salaries of Chief Executives and senior managers in councils, compared to private sector businesses.

“A comparison based on budget and turnover shows that executives in the private sector are consistently paid more, even where public sector executives are responsible for very large organisations. CEOs of companies with a turnover of between £101 and £300 million earn more than twice their public sector counterparts, and the gap rises as turnover rises..... Unpublished PwC analysis found that total remuneration (again including pensions) for local authority chief executives was just 51 per cent of that for comparable private sector roles.”

There are of course counter arguments to the conclusion reached by William Hutton.

Current Overview

The council employs staff on a wide range of pay agreements which are:-

- Joint Negotiating Committee for Chief Executives (Chief Executive)
- Joint Negotiating Committee for Chief Officers (Strategic and Service Directors)
- Single Status Agreement
- Joint Negotiating Committee for Youth and Community Workers
- Craft Workers National Agreement
- Soulbury Agreement
- School Teachers' Pay and Conditions Document
- Agenda for Change - Occupational Health Nursing staff

A contractual working week is 37 hours for employees, except teachers who have a separate statutory arrangements.

Although all employees are appointed under one of these national agreements, there is a significant degree of local discretion in respect of determining the pay and grading of employees.

92% of the council's workforce are covered by the Single Status Agreement, including the lowest paid employees.

This policy statement sets out the pay relationship between the highest paid employees (Chief Officers) and all other employees. However, the council has no set policy regarding pay multiples.

There has been no cost of living increase applied to Chief Officers and council workers covered by the Single Status Agreement since 2009. However, Bristol City Council made a non-consolidated pay award to all employees earning less than £7.30 an hour in October 2012, as stated above.

The following tables shows comparative employment costs of Chief Officers and all other employees at the time this statement was prepared in February 2013. Also shown separately are the costs of contractual allowances paid in addition to some but not all employees.

Table 1.
Chief Officers - Chief Executive, Strategic and Service Directors

Full Time Equivalents	Median Average Salary for a Chief Officer in 2012/13	Mean Average Salary for a Chief Officer in 2012/13	Payroll Costs for 2012/13
28.22	£82,111 per annum	£86,584.18 per annum	£2.51M

Table 2.
All other Employees -

Typical Post types	Salaries typically fall within the following range	Full time equivalents	Head count	Median Pay per FTE post (£)	Mean Pay per FTE post (£)	Payroll Costs for 2012/13 (£m)
Service Managers	£45,243 - £59,477 per annum	203.69	220	50,239.81	51,450.51	10.56
Team Managers and senior professionals	£35,430 - £44,312 per annum	737.86	818	38,042.00	39,016.62	28.25
All other employees - technical and operational roles	£12,145 - £34,512 per annum	5,440.56	7,027	22,213.32	23,014.81	129.49
TOTALS		6,382.11	8,065	24,646.00	25,413.49	168.30

Table 3**Employees in receipt of contractual allowances in addition to basic pay**

NB:- Chief Officers do not receive any contractual allowances in addition to their basic pay.

Typical Post Type	Salaries typically fall within the following range	Full Time Equivalents	Head count	Median Payment per FTE (£)	Mean Payment per FTE (£)	Total costs of enhancements (£m)
Service Managers	£45,243 - £59,477 per annum	46.48	48	8,892.02	10,384.35	0.5
Team Managers and senior professionals	£35,430 - £44,312 per annum	250.82	264	3,802.96	4,510.03	1.19
All other employees - technical and operational roles	£12,145 - £34,512 per annum	2,009.84	2,548	1,316.24	1,999.54	5.09
TOTALS		2,307.14	2,860	1,454.04	2,372	6.78

Remuneration of Chief OfficersChief Executive

The Chief Executive is the Council's Head of Paid Service.

The salary paid to the Chief Executive in post at the beginning of 2012-13 was £189,533. However, following the retirement of Jan Ormondroyd in July 2012, an interim chief executive was recruited on a spot salary of £150,000. The interim chief executive will shortly be retiring from Bristol City Council and their employment with the local authority will end on the 7th of April 2013. This pay policy statement will be updated to reflect any changes made when the full council consider the management of the local authority and the senior officer roles.

Strategic Directors and Service Directors

Bristol City Council intends to review the pay & grading of all officers during the financial year 2013/14, but any changes to chief officer pay & grading will be subject to approval at a full council meeting. Until such time as the pay & grading arrangements for senior officers is amended by full council, each Service Director or Strategic Director shall be paid on one of the following pay grades.

The grade that a post holder is assigned is decided by evaluating the job using the HAY job evaluation scheme. This job evaluation scheme is used by many organisations to determine which jobs should be recognised as equivalent levels for the purposes of salary grading. Job evaluation ranks a job using a points scoring methodology based on the accountabilities i.e. budget, reporting relationship, complexity and scope for impact of the job role. The ranking of each job has been determined by an independent job evaluator from the Local Government Employers Organisation. The grades are:-

Table 4
Hay Grades for 2013/14

Hay Grade	Salary Range
O	£64,929 to £71,479
P	£73,221 to £80,396
Q	£81,098 to £89,205
R	£89,727 to £98,197
S	£102,686 to £112,597
T	£120,620 to £130,909

The Service Director Finance is the Council's Chief Financial Officer.

The Service Director Legal is the Council's Monitoring Officer.

The actual salaries of each Strategic Director and Service Director as at March 2013 are set out in Appendix A.

Remuneration of newly appointed Chief Officers

Where a vacancy arises and an existing post is going to be replaced i.e. at the same salary range and grade, the Chief Executive or their representative

will decide the starting salary in consultation with the Chair of the Selection Committee. In case of the Head of Paid Service, the Chair of the Selection Committee will decide the starting salary in consultation with the rest of the committee.

Where a job is redesigned or new job created at Strategic and Service Director level, the job will be evaluated in accordance and the grade will then be approved by the Human Resources Committee.

If a Chief Officer is downgraded following Job Evaluation, through a change in duties or they are redeployed to a job on a lower grade they will be entitled to receive pay protection of 2 years in accordance with the Council's Policy.

Increases and additions to remuneration for each Chief Officer

There will be no additions to the remuneration of any Chief Officer in 2013/14, other than where an employee meets or exceeds performance expectations and qualifies for incremental pay progression in accordance with their terms and conditions of employment (this assumes no contractual requirement to implement a national cost of living pay increase in 2013).

Performance-related pay for Chief Officers

Chief Officers do not receive performance-related pay in this authority. However, pay progression through the salary range is conditional upon the employee's performance meeting or exceeding performance expectations (decided 1 April annually). Where performance expectations are not met, there will be no pay progression and their pay will reduce by one salary point within the salary range for the job unless they are already at the bottom of the grade.

Professional Fees

No Chief Officer is reimbursed for professional fees except the Service Director Legal Services who is reimbursed the costs of the solicitors practising certificate membership which is currently £388 per annum. Solicitors are the only work group in the Council who have their professional fees paid.

Overtime

Chief Officers are not able to claim overtime payments.

The use of bonuses for Chief Officers

No bonuses are paid in any circumstances.

Market Supplements

A market supplement will be only be awarded in exceptional circumstances. This would be only made on appointment and would be for a fixed term period of no more than 3 years. The Selection Committee will make the decision to award a market supplement after receiving advice from the Chief Executive or their representative. The extension of a market supplement will be decided by the Human Resources Committee.

Pensions, Severance and early retirement

Redundancy

Where a chief officer ceases to hold office for reasons of redundancy, they shall receive a redundancy payment in accordance with the council's policy which was agreed in September 2010. This policy applies to all employees and caps the weekly pay that can be used in redundancy pay calculations at £700 per week (equivalent to an annual salary of £36,500). Therefore, a chief officer's redundancy payment shall be calculated at weekly earnings of £700 per week unless they are part time and their weekly earnings are below this level. In addition, a chief officer who is aged 55 or over and a member of the Local Government Pension Scheme on the date of their dismissal (on redundancy grounds) has a statutory right to receive their pension.

Where a Chief Officer is redundant, the Human Resources Committee will approve their dismissal.

Early Retirement on the grounds of the efficiency of the service and on Compassionate Grounds

The policy of the council is that in exceptional circumstances, employees aged 55 or above who are unable to adapt to changes in the work environment, and whose performance is adversely affected to the detriment of the Council, may be considered for early retirement on the grounds of the efficiency of the service. Employees also have the right to request early retirement on compassionate grounds in exceptional circumstances.

Flexible retirement

A Chief Officer may request flexible retirement in accordance with the Council's Policy. The Human Resources Committee will consider any request

Chief Officers Ceasing to hold office for any other reason

A severance payment may be made in exceptional circumstances subject to the following rules:-

- there is legal advice which confirms the proposed payment is lawful given the circumstances of the specific case and our fiduciary duty to the tax payer;
- the severance payment sum, will be published in the council's annual accounts (this includes payments made to settle any claim that may have been made to a court or tribunal).

The Human Resources Committee must approve any request to make a severance payment to a Chief Officer.

Interim managers covering Chief Officers posts on a temporary basis

A Chief Officer post that is vacant may be covered by an interim manager. Interims are used primarily at a time of culture change when the Council is in a phase of rapid transition or when there are specific legislative or national drivers for change which need to be implemented in a defined time period. Interims may be employed directly by the Council on a fixed term contract.

Former Chief Officers in receipt of a pension, severance or redundancy payment will not be re-employed as interim managers.

The remuneration of the lowest-paid employees

For the purpose of this pay policy statement our lowest paid employees are defined as those employed on Bristol Grade 1, which is part of the Single Status grading structure. There are 18 Bristol Grades, and the Single Status grading structure was implemented across the workforce with effect from 1st January 2004. The lowest annual salary on the grading structure is £12,145 and the highest is £59,477 . All jobs are ranked using a job evaluation scheme which was agreed with the council and trade unions in 2001. A job is assigned a score and then placed with a grade. The lowest grade is Bristol Grade 1.

Bristol City Council operates an apprenticeship programme that is designed to give young people the opportunity to gain a relevant qualification through study and on the job training. The training opportunities afforded to individuals through the apprenticeship programme are not directly comparable to other positions filled by employees within the authority. Therefore Bristol City Council has adopted the definition of “lowest-paid employees” stated in the preceding paragraph, in line with the recommendations outlined in the national guidance from the Local Government Association.

Table 5

Lowest paid employee grade including employee in receipt of additional contractual allowances.

Bristol Grade 1 (Job Evaluation Points Score of 182 - 216)	FTE Employees
£12,145	19.95
£12,216	9.4
£12,287	150.01
TOTAL	179.36

The following job roles are graded on Bristol Grade 1:-

- Cleaner
- General Attendant (parks)
- Catering Assistant
- General Kitchen Assistant
- Administrator (level 1)
- Domestic
- Assistant handy person & gardener

The relationship between the highest and lowest paid

The interim chief executives' salary was £150,000 in 2012/13. The interim Chief Executive is the highest paid employee as at March 2013. As a consequence of the current pay arrangements within the council this equates to 12.35 times the salary of Bristol City Council's lowest paid employees. (The ratio between the salary of the chief executive and the councils lowest paid employees is calculated as follows: Interim Chief Executive's salary / salary of the council's lowest paid employees [BG1], i.e. £150,000 / £12,145 = 12.35) In contrast, if the previous Chief Executive were in post, it would equate to 15.6 times the salary of the lowest paid employees (£189,533 / £12,145 = 15.6)

Mean Salary for Chief Officers = £86,584.18 per annum

Mean Salary for employees other than Chief Officers = £25,413.49 per annum

Mean Ratio = 3.41 to 1

Median Salary for Chief Officers = £82,111.00 per annum

Median pay for employees other than Chief Officers is £24,646.00 per annum.

Median Ratio = 3.33 to 1

Development Priorities

1. In addition to any national pay award from April 2013 and subject to overall affordability, the council is prepared to consider some form of non-consolidated pay award to the lowest paid (up to the living wage threshold). However, this will only be taken forward if agreement can be reached with the Single Status Trade Unions on reforms to the pay and grading system and in particular payment arrangements for non-standard working hours (for council employees).
2. Developing a reward strategy which will be put in place by April 2014 and will:-
 - Addresses low pay by introducing the “Living Wage” in a sustainable, and affordable way;
 - strengthen the link between pay levels and consistent contribution;
 - is underpinned by requirements to recruit and retain talent needed to drive organisational performance;

The principles that will underpin a Reward Strategy are that it will :-

- Be affordable;
- Be sustainable;
- Be transparent;
- Enable the council to recruit and retain the right local people (where possible) in the right jobs;
- Enable an agile workforce;
- Provide incentives to employees to continually meet or exceed performance expectations; and
- Be underpinned by pay equality.

Appendix A

Pay grades of senior officer posts and full details of the pay of senior officers

Appendix B

Terms of Reference for Human Resources Committee and Selection Committee

Appendix C

A breakdown of Senior Officer pay across core cities as well as local/comparable city councils.

Appendix D

Glossary of terms used in this pay policy statement

Appendix A - Pay Grades of senior office posts and full details of the pay of senior officers							
Dept	PostTitle	Grade	Surname	Initials	FTE %	ActualAnnSal	Additional Allowances
Second Tier Managers (Service Directors)							
CE	Bristol Futures	O	HILTON	S	100	£66,519	
CS	Strategic Property	O	ORRETT	RDJ	100	£71,479	
N&CD	Neighbourhoods & Communities inc Libraries	O	ROBINSON	D	100	£71,479	
N&CD	Strategic Housing	O	HOOPER	NS	100	£71,479	£3,503 Pay protection
CE	Communications and Marketing	P	HOLT	AP	100	£80,396	
CYPS	Strategic Commissioning	P	MCCONNELL	C	100	£78,560	
CS	Business Change & IM&T	P	ARRIGONI	P	100	£76,765	
CS	Human Resources	P	BILLINGHAM	R	100	£80,396	
CS	Integrated Customer Services, inc Benefits	P	JAMES	J	100	£76,765	
H&SC	Adults Strategic Commissioning	P	MEADOWS	N	100	£76,765	£83.5 Homeworking allowance
N&CD	Planning and Sustainable Development	P	WILLCOX	ZA	100	£78,560	
N&CD	Safer Bristol	P	DOUGLAS	G	100	£73,221	(N.B. The employee is acting up into this role)
CYPS	Children and Young People	Q	POLLARD	JE	100	£89,205	
CYPS	Education	Q	BATCHELAR	N	100	£89,205	
CYPS	Resource Planning and Performance	Q	BOLT	CP	100	£87,180	
CS	Finance	Q	ROBINSON	PJ	100	£89,205	
CS	Legal Services	Q	NEVIN	LJ	100	£81,098	
H&SC	Care Services - Adult Provision	Q	BRYAN	V	100	£83,124	
H&SC	Operations (Adult Care Management)	Q	HENNESSEY	MR	100	£85,154	
N&CD	Environmental and Leisure Services	Q	MORGAN	TA	100	£87,180	
N&CD	Landlord Services	Q	RYAN	MS	60.81	£53,015	(See footnote 1, below)
N&CD	Landlord Services	Q	BARRETT	SR	60.81	£53,015	(See footnote 1, below)
N&CD	Major Projects	Q	OWEN	A	100	£85,154	
N&CD	Transport	Q	MANN	P	100	£89,205	
First Tier Managers (Strategic Directors)							
H&SC	Health & Social Care	S	COMLEY	A	100	£110,027	(N.B. The employee is acting up into this role)
N&CD	Neighbourhoods & City Development	S	PALMER	R	100	£102,686	(N.B. The employee is acting up into this role)
CYPS	Children, Young People and Skills	T	HUDSON	A	100	£130,909	
CS	Corporate Services	T	RIDGWELL	A	100	£130,909	£8,700 (See footnote 2, below)
Head of Paid Service (Chief Executive)							
CE	Interim Chief Executive	Z	SIMS	GM	100	£150,000	

Footnote (1) : The Service Director: Landlord Services is a job share role.

Footnote (2) : The appointment of Ms A Ridgwell into the role of Strategic Director for Corporate Services is currently an interim appointment until 30th June 2013. The following arrangements have been agreed in relation to this appointment. A monthly lodging allowance of £725 is paid - equivalent to £8,700 per annum. In addition to this the Strategic Director for Corporate Services is able to claim a maximum of £90 travel expenses per week, for which they are required to submit a statement of expenses on a monthly basis. Ms Ridgwell is not a member of the Local Government Pension Scheme but Bristol City Council is making a monthly contribution to her personal pension fund at the same level as that which would be deducted from the departmental budget if she were a member of the LGPS.

Appendix B: Authority to make & approve decisions under the policy

The Council's Constitution approved by Full Council sets out which powers are delegated to the Head of Paid Service or other officers within the Council each year. Full council also delegates the powers outlined below to the Human Resources Committee, and the Appointments Committee.

HUMAN RESOURCES COMMITTEE

Terms of Reference

Overview

- To discharge functions relating to the terms and conditions of staff, including procedures for the dismissal of staff and determining the pay and grading, other terms and conditions, disciplinary action, dismissal and early retirement of 1st and 2nd tier posts and post holders except for matters relating to staff selection, appeals, or complaints or any other matters that fall within the remit of the Appeals Committee or Selection Committee¹.

Functions

Full Council has delegated the following functions to the Human Resources Committee to the extent specified above:

- Power to appoint staff, and to determine the terms and conditions on which they hold office (including procedures for their dismissal) (section 112 Local Government Act 1972);
- Functions relating to local government pensions etc. (Regulations under section 7, 12 or 24 of the Superannuation Act 1972).

1. The dismissal of Strategic and Service Directors is subject to the Officer Employment Rules. Any disciplinary action of the Head of Paid Service, Monitoring officer or Chief Finance Officer must be in accordance with OER6.

SELECTION COMMITTEE

Terms of Reference

Overview

In accordance with the Officer Employment Rules (OER) -

- (a) Interviewing applicants for City Director, Strategic and Service Director posts;
- (b) The appointment of Strategic and Service Directors, except those officers designated as follows:-

- Head of Paid Service
- Chief Finance Officer
- Monitoring Officer
- Returning Officer for local government elections
- Electoral Registration Officer;

- (c) In the case of appointments designated in (b) above, recommendation to full Council in accordance with OER4.

Functions

Full Council has delegated the following functions to the Select Committee to the extent specified above:

1. Duty to designate officer as the monitoring officer (s.5(1) Local Government and Housing Act 1989);
2. Duty to appoint an electoral registration officer (s.8(2) Representation of the People Act 1983);
3. Duty to appoint a returning officer for local government elections (s.35 Representation of the People Act 1983);
4. Duty to designate officer as the head of the authority's paid service (s.4(1) Local Government and Housing Act 1989).
5. Duty to appoint a Coroner for the Avon Coroner's District pursuant to The Coroners Act 1988 and The Avon (Coroners) Order 1996
6. The power to appoint staff, and to determine the terms and conditions on which they hold office (Section 112 of the Local Government Act 1972).

Appendix C

The following information gives a breakdown of Senior Officer pay across core cities as well as local and regionally comparable city councils.

Name of Authority	Lead Officer Title	Salary * (as stated in the relevant pay policy statement for 2012/13)	Approximate population covered **
Core cities			
Birmingham	Chief Executive	£182,500, rising to a maximum of £220,000	1,073,000
Leeds	Chief Executive	£182,147 rising to a maximum of £192,655	751,500
Liverpool	Chief Executive	£197,500 (spot salary)	466,415
Manchester	Chief Executive	£203,934	503,100
Newcastle	Chief Executive	£160,500 - £175,383	280,200
Nottingham	Chief Executive	£165,000 (spot salary)	266,988
Sheffield	Chief Executive	£184,588	552,700
Neighbouring / Comparable City Councils			
Bath and North East Somerset	Chief Executive	£150,000	176,015
South Gloucestershire	Chief Executive	£155,724 (spot salary)	262,800
North Somerset	Chief Executive	£172,477	202,566
Plymouth	Chief Executive	£198,181	256,384
Southampton	Chief Executive	£137,356 - £163,124	236,900

Please see notes on the following page.

Notes

* All figures are exclusive of pension contributions

**Based upon Census 2011 data

A number of other Authorities other than core-cities operate a Mayoral model of governance. The following table indicates the unitary Authorities which operate with a Mayor and Chief Executive/Chief Operating Officer. Details of their salaries (taken from the pay policy statement for 2011/12) are also included.

Name of Authority	Mayors Total Salary	Chief Executive/Chief Operating Officer	Head of Paid Service Salary
London Borough of Tower Hamlets	£65,000	Chief Executive	£165,000- £194,000
London Borough of Hackney	£75,846	Chief Executive	£177, 956
Hartlepool	£63,902	Chief Executive	£158,000 -£168,000
Leicester	£65,738	Chief Operating Officer	£123,231-£127,485
London Borough of Lewisham	£77,722	Chief Executive	£192,387
Middlesborough	£67,430	Chief Executive	£127,962 -£150,213
London Borough of Newham	£81,029	Chief Executive	£190,000 -£195,000

Appendix D: Further background information & glossary of terms

Glossary of terms used in Bristol City Council's pay policy statement

- Full-Time Equivalents (FTE): The number of full time posts which are equivalent to the actual number of posts. For example if there were 4 half time posts and one full-time post this would be equivalent to 3 FTE posts (i.e 4×0.5 part time posts + 1 full time post = 3 FTE posts).
- ***The lowest paid employee:***

For the purpose of this pay policy statement our lowest paid employees are defined as those employed on the bottom of Bristol Grade 1, which is part of the Single Status grading structure. The full-time equivalent annual salary for someone employed on the bottom of BG1 is £12,145 and this defined as the salary of Bristol City Council's lowest paid employees.

Those working part-time may have a lower actual salary than £12,145 however full-time equivalent salary figures are stated, in accordance with national guidance, so that meaningful comparisons can be made between the pay of the highest and lowest paid.

Bristol City Council operates an apprenticeship programme that is designed to give young people the opportunity to gain a relevant qualification through study and on the job training. The training opportunities afforded to individuals through the apprenticeship programme are not directly comparable to other positions filled by employees within the authority. Therefore Bristol City Council has adopted the definition of "lowest-paid employees" stated in the preceding paragraph, in line with the recommendations outlined in the national guidance from the Local Government Association.

Apprentices earn between £4,953.59 & £11,296.78 per annum depending upon which apprenticeship programme they are enrolled in and which stage of the programme that they have reached. [This equates to an hourly rate of £2.71 to £6.19 per hour.]

- ***Mean:***

Where the term "mean" is used in this pay policy statement it refers to the "arithmetic mean". This is a widely used mathematical term which is used to calculate the average of a set of numbers. The arithmetic mean is calculated by adding up all of the numbers within the relevant category and dividing this total by the total number of terms within this category.

For example: If there are 3 employees earning £20,000 per annum and 2

earning £40,000 per annum there total earnings are £140,000. The mean pay of these 5 employees is therefore £28,000 (i.e. £140,000 / 5 = £28,000)

- **Median:**

This is another widely used mathematical term used to determine the average of a set of numbers. The median is calculated by 'lining up' all of the numbers within the relevant category according to their size and identifying the value which is half way between the highest and the lowest figure.

For example: If there are 3 employees earning £20,000 per annum and 2 earning £40,000 per annum the 5 employees salaries can be arranged in order from the highest to the lowest salary. The list of the employees salaries in order of size is: £40,000 ; £40,000; £20,000; £20,000; £20,000. There are 5 employees, so the figure half way between the highest and the lowest salary is the 3rd figure along and the median salary is £20,000. [If there was an even number of employees salaries in the list the median figure would be calculated by adding up the two middle values and dividing this figure by 2].

- **The number of posts:** This is the number of separate posts. Some individuals may be employed in more than one part-time post with Bristol City Council.
- **Payroll costs:** The total of all pay and allowances received by Bristol City Council employees, as recorded on the BCC payroll system. This figures does not include employer costs, such as National Insurance contributions made by the employer. Instead the payroll costs figure stated in this report only refers to the pay and allowances employees receive. As stated above the Localism Act 2011 does not apply to schools, and therefore the figures outlined in this pay policy statement do not include Bristol City Council employees who are employed to work in schools.

Further Background Information

Current National Minimum Wage (NMW) rates

There are different levels of NMW, depending on the employees age and whether or not they are an apprentice. The current rates (from 1 October 2012) are:

- £6.19 - the main rate for workers aged 21 and over
- £4.98 - the 18-20 rate
- £3.68 - the 16-17 rate for workers above school leaving age but under 18
- £2.65 - the apprentice rate, for apprentices under 19 or 19 or over and in the first year of their apprenticeship