

Senior Pay Policy Statement 2019 - 2020

General Principles

This Policy Statement has been compiled to comply with the requirements of section 38 (1) of the Localism Act 2011, which requires local authorities to state their policy on the level and elements of remuneration for each Chief Officer (as defined by the Act).

1. Appointment and increments

- 1.1 The Appointment of Senior Managers is governed by the Employee Employment Procedure Rules detailed in The Constitution of the City of Wolverhampton Council. A Special Appointment Committee will be established to appoint the Head of Paid Service, Section 151 Officer, Monitoring Officer and roles graded 15 and above, on a politically balanced basis and will usually comprise the Leader and Deputy Leader of the Council, any appropriate Cabinet Member, the Cabinet Member with lead responsibility for Human Resources and their opposition counterparts or their substitutes. The recommendation of the Special Appointments Committee for these posts must be confirmed by Full Council.
- 1.2. To comply with the guidance from the Secretary of State, Full Council approval is required, to agree appointment packages including salary, bonus, fees allowances and benefits in kind, to posts exceeding a pay range of £100,000. For existing posts where the salary range exceeds £100,000 (Directors and above currently), the Council is reaffirming its approval to the current and any future appointment to these already established roles. These posts are detailed in appendix 4. Where the creation of a comparable post is required, this will need the approval of Full Council. A Special Appointments Committee will be established on a politically balanced basis and will usually comprise the appropriate Cabinet Member, Opposition counterpart, Lead Councillor and Opposition Lead Councillor of the appropriate Scrutiny Panel or their substitutes.
- 1.3 All other Senior Manager roles are subject to appropriate HR recruitment policy and process.
- 1.3 The salary scale upon appointment will usually be at the “minimum point of advantage” in certain circumstances in may be appropriate to appoint at a higher pay point within the grade. This must be agreed by the Managing Director in consultation with the Head of Human Resources.
- 1.4 Senior Management roles who meet the eligible criteria, received the appropriate increment, normally backdated to 1 April (see 4.2).
- 1.5 The Senior Management pays scales for 2019 – 2020 reflect the proposed restructure and the removal of Strategic and Service Directors (appendix 2).
- 1.6 The structure review proposes changes across all Directorates, moving away from a directorate led (Corporate, People & Place) organisation to one that continues to operate and respond in a dynamic, cross cutting and agile style regardless of the directorate. In

addition Service Director and Director grades become a single grade 13, recognising the parity of roles and responsibilities of the postholders.

2. Annual Pay Award

- 2.1. All annual pay awards are set in line with nationally negotiated rates. The last nationally agreed pay award was a two-year deal for 2% each year, for both Chief Executives and Chief Officers, for 2018 -2019. The 2% pay award will be applied to salaries on 1 April 2019. The Managing Director on Grade 15 receives the equivalent pay award percentage rate for a Chief Executive and other Senior Managers on grade12 to Grade 14 receive the equivalent pay award percentage rate for Chief Officers.
- 2.2 Employees Grade 11 and below receive the pay award agreed through collective bargaining with the National Employers and the relevant Trade Unions (NJC). NJC employees will receive the negotiated pay award on 1 April 2019.

3. Market forces supplements

- 3.1. City of Wolverhampton Council has a policy to offer market forces supplements in instances where the substantive grade of the post is insufficient to attract or retain post holders in skill shortage areas. Market forces supplements are awarded for a defined period and subject to regular review. Currently there are no senior managers receiving Market Force Supplements.

4. 'Earn Back,' bonus and performance related pay

- 4.1. Local authorities have been asked to consider Lord Hutton's recommendation (Final Report of the Independent Review into Fair Pay in the Public Sector, March 2011) that senior staff could have an element of their basic pay 'at risk' to be earned back each year through meeting pre-agreed objectives. City of Wolverhampton Council has not implemented this. It should be noted that had the City of Wolverhampton Council implemented Performance Related Pay, this would be in addition to any substantive salary.
- 4.2 None of the posts featured in this report are eligible for bonus or performance related pay. However, there is no automatic incremental progression within senior management grades. Movement within grade is dependent on performance and for those Senior Managers grade 12 and above. Director's progression is agreed by the Managing Director in consultation with the Leader of the Council and any incremental progression for the Managing Director is agreed by the Leader of the Council. Senior Managers who meet the performance criteria are expected to receive an increment in 2019 -2020.

5. Cessation of Employment

- 5.1. If made redundant, post holders covered by this policy will be compensated in the same way as other Council employees and within the confines of the Council's approved redundancy scheme. The extent of any payment will depend on the individual's age, length of service and whether the redundancy is voluntary or compulsory.

- 5.2 The Council retains provision to make additional payments, or payments for some reason other than redundancy. The authority for such payments has been delegated by Full Council to the Leader of the Council in consultation with the Head of Paid Service.
- 5.3 Section 40, a supplement to the original Localism 2011 Act, stated that we should have regard for any guidance issued or approved by the Secretary of State. Guidance issued recommends that Full Council should be given the opportunity to vote on salary packages and severance payment of £100,000 and over. Appointments processes are detailed in 1.1 of the Pay Policy and have been agreed by Full Council following the constitution review. Any severance packages in excess of £100,000, (not inclusive of pension capital costs), will be agreed by Full Council. This may need to be amended if the proposed Exit Capping regulations are introduced.
- 5.4 Exit Capping and 'claw back' will have an impact on redundancy/early retirement processes and re-engagement. Decisions and a date for roll out still needs to be made by the Government. The impact this will have on City of Wolverhampton Council will be subject to a separate report, when the full facts are available.

6. Re-engagement of senior employees in receipt of a local government pension

- 6.1. City of Wolverhampton Council recognises that the re-employment of retired local government officers is likely to be perceived negatively and bring into question the use of retirement packages in the public sector. The Council's Voluntary Redundancy Scheme makes clear that employees, regardless of salary level, should not seek re-employment into council roles for 12 months after accepting early retirement/voluntary redundancy. Appointment of ex-employees as either agency staff or consultants is also prohibited if the arrangement could have been foreseen at the time of retirement. The Council is, however, not averse to appointing senior staff who have retired from other public sector employers. This is because City of Wolverhampton Council has no control over the decision-making of other employers and could potentially benefit from the skills and experience of the individual concerned.

7. Payments made in recognition of election responsibilities

- 7.1 In accordance with the regulations, at times of General or Mayoral Elections the council appoints an Acting Returning Officer, by convention, the Head of Paid Service, whose fee for overseeing the election process, is paid by central government. The fee is set nationally. However, at times of a Local Election it forms part of the Head of Paid Services' contract of employment to be Returning Officer and no additional payment is made by Central Government for his role. Other Senior Managers may act as Returning Officer at times of a Local Election and will receive payment from Central Government.

8. Pension Contributions and other elements of remuneration

- 8.1. Employer pension contributions have been included in the pay data included in this policy; this is in line with the definitions of remuneration in the Local Government Transparency Code 2014. The employer contribution rate for LGPS in 2018 - 2019 was 30.47% and for NHS pensions was 14.38%. However, the employer contribution rate for 2019 - 2020 is not yet confirmed.

9. Interim Senior Managers

- 9.1. The fixed term arrangement for the current Interim Strategic Director of Place will cease on the 31 March 2019. The current incumbent will remain for period of time undertaking project work. There are no immediate plans to appoint interims to the senior management structure however from time to time this may be a requirement in response to short term vacancies or skill shortages.

10. Pay comparison between the highest and the lowest paid

- 10.1 When publishing his interim report on fair pay in the public sector, Lord Hutton said:

“There is a strong case for public sector organisations having to comply with, or explain why they do not comply with, a maximum pay multiple, such as 20:1. This would demonstrate fairness by reassuring public opinion, address a problem of collective action across remuneration committees, and benefit organisations’ productivity “

“The public sector walks a fine line. It must create value for citizens by attracting and retaining talented individuals – otherwise it will become a second-class sector of the economy. But equally it has to be vigilant about ensuring value for money”

- 10.2. In setting the requirement that the policy statement includes a comparison between the highest and the lowest paid, the Act gives no definition of ‘lowest paid’ and specifies that authorities should set their own and explain why it has been chosen.
- 10.3. For the purposes of this policy statement, to comply with the Localism Act, the identification of the lowest paid role has been identified as a full-time job, performed all year round, with the exclusion of posts that include an on-going training requirement, such as an apprenticeship.
- 10.4. The lowest paid role that meets these criteria is that of a Cleaner, who is paid Grade 2, Local Pay Point 2 on the Wolverhampton local pay scale which was implemented as part of the Single Status collective agreement on 1 April 2013. On 1 April 2019 the nationally agreed pay award will be applied to the Wolverhampton pay scale and the annual salary for Grade 2 Local Pay Point 2 will be £18,065 per annum (full time equivalent).
- 10.5. There are 32 employees paid at Grade 1, but they do not fit the criteria of having employees in post full time and all year round, they are casual, ad hoc roles.
- 10.6. Research recently undertaken by Unison and reported in the Municipal Journal, found that the average pay differentials between highest and lowest paid employees in local

government is 10 times lower than the figures found across comparable private sector firms.

- 10.7 On average, council Chief Executives earn around 11 times more than their organisations lowest paid worker, comfortably below Lord Hutton's public sector threshold of 20: 1.
- 10.8 The average private sector ratio is 111: 1.
- 10.9 City of Wolverhampton Councils pay ratio of 8.61: 1 is less than the average Local Authority, which has a pay ration of 11: 1. It also falls below City of Wolverhampton Councils pledge to keep the pay ratio below 10: 1

Lord Hutton's recommended Pay Multiple	Average Private Sector Pay Multiple	Average Local Authority Pay Multiple	City of Wolverhampton Council's Pay Multiple	Difference between highest and lowest paid	Highest and Lowest paid roles
20: 1	111: 1	11: 1	8.61: 1	£155,550*	Managing Director
				£18,065**	Cleaner

*Annual salary effective from 1 April 2019 taking into account the nationally agreed pay award for Chief Executives.

**Annual salary effective from 1 April 2019 taking into account the national agreed NJC pay award for local government employees.

- 10.10 Research undertaken by Unison and reported in the Municipal Journal, found that the average pay differentials between highest and lowest paid employees in local government is 10 times lower than the figures found across comparable private sector firms.
- 10.11 In addition to reporting the above as part of the Localism Act, there is a requirement under the Transparency Code 2015, to report the pay multiple, defined in this case, as the ratio between the highest taxable earnings for a given year (2017/2018) and the median figure for the whole authority's workforce. The median figure should be calculated using all employees on a fixed date each year. The date of 1 April 2018 has been used, as employees would have had any pay award and increment due, by this date. The highest salary is the Managing Director on Grade 15 £153,449 and the lowest pay is an apprentice on £7,800. The median earning figure used as the denominator is £25,463, giving a pay ratio of 1: 6.0

11. Publication

- 11.1. The Pay Policy Statement 2019-2020 will be published on the City of Wolverhampton Council's website, alongside the data published under the Local Government Transparency code, at <http://www.wolverhampton.gov.uk/article/1889/Corporate>

- 11.2 As good practice the actual remuneration of Chief Officers (as defined by the Localism Act) for the 2018 – 2019 will be published on the City of Wolverhampton Council's website.