

## Senior Pay Policy Statement 2020 - 2021

### 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 (salary range exceeding £100,000) is required, this will need the approval of Full Council. To appoint to any already established role, a Special Appointments Committee will be established on a politically balanced basis and will usually comprise the Leader of the Council, Deputy Leader of the Council, Leader of the opposition, appropriate Cabinet Member and appropriate Scrutiny Panel chairs or their substitutes. These appointments will not require Full Council approval.
- 1.3 All other Senior Manager roles are subject to appropriate HR recruitment policy and process.
- 1.4 The salary scale upon appointment will usually be at the “minimum point of advantage”, in certain circumstances it may be appropriate to appoint at a higher pay point within the grade. This must be agreed by the Chief Executive in consultation with the Head of Human Resources.
- 1.5 Senior Management roles who meet the eligible criteria, received the appropriate increment, normally backdated to 1 April (see 4.2).
- 1.6 The Senior Management pays scales for 2020-2021 are detailed in appendix 2.

- 1.7 The pay scales incorporate a new grade 13, Deputy Director grade. Directors currently on Grade 13, would become new Grade 14, Deputy Chief Executive and Director of Pensions, new Grade 15 and Chief Executive, new Grade 16. There would be no additional remuneration, just a renumbering of the grades.

## **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 2% pay award and was applied to salaries on 1 April 2019. The Chief Executive currently on new Grade 16, receives the equivalent pay award percentage rate detailed for a Chief Executive and other Senior Managers on Grade 12 to new Grade 15 receive the equivalent pay award percentage rate for Chief Officers. The pay award for April 2020 is yet to be agreed.
- 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 received the negotiated pay award on 1 April 2019 and will receive the next one on 1 April 2020, or backdated to 1 April 2020, if not agreed by then. To date, there is no agreement on the pay award.

## **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. A revised Market Forces Policy was agreed at Cabinet (Resources) Panel on 3 March 2020.

## **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. Progression for Senior Managers who do not sit on SEB, is agreed by SEB. For SEB Members progression is agreed by the Chief Executive in consultation with the Leader of the Council and any incremental progression for the Chief Executive is agreed by the Leader of the Council. Senior Managers who meet the performance criteria are expected to receive an increment in 2020 -2021.

## **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. Approval for payments under £100,000, is delegated to the Leader of the Council, in consultation with the Head of Paid Service. This is approved through an Independent Executive Decision Notice (IEDN) and reported to Cabinet.
- 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. 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 2019-2020 was 32.27% and for NHS pensions was 16.88%. Teachers Pensions was 16.48% until 31.08.2019 rising to 23.68% from 01.09.2019. LGPS contribution rates for 2020-2021 will be 26.04%, NHS contributions will continue at 16.88% for 2020-2021, however, the employer contribution rate for Teachers Pensions for 2020–2021 is not yet confirmed.

## **9. Interim Senior Managers**

- 9.1. There is a requirement from time to time to appoint senior managers on an interim basis in response to short term vacancies or skill shortages.

At this point, the only consultant employed in what would be considered a Senior Manager role is a consultant employed to undertake the role of Chief Operating Officer for WV Living.

There are plans to advertise this role in the next few weeks as an employee of the Council.

## **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 With effect from 1 April 2019, new pay scales were introduced. The lowest pay point is pay point 1 currently £17,364. This point is part of City of Wolverhampton Council's Grade 2. Grade 2 is from pay point 1 £17,364 – pay point 3 £18,065 per annum. As this was the first year Grade 2 in this format was introduced we do not have any employees on pay point 1, as all employees assimilated to pay point 3. There were zero employees on pay point 1 and 756 employees (303.15 FTE's) on Grade 2.
- 10.5. The type of roles that fall within Grade 2 are Catering and Cleaning roles, School Crossing Patrols and Passenger Assistants.
- 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 The average private sector ratio is 111: 1.
- 10.8 City of Wolverhampton Councils pay ratio of 8.77: 1 which fall below the City of Wolverhampton Councils pledge to keep the pay ratio below 10: 1

Lord Hutton's recommended Pay Multiple	Average Private Sector Pay Multiple	City of Wolverhampton Council's Pay Multiple	Difference between highest and lowest paid	Highest and Lowest paid roles
20: 1	111: 1	8.77: 1	£158,500 £18,065	Chief Executive Cleaner

- 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 (2018-2019 as 2019-2020 is not yet available) 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 2019 has been used, as employees would have had any pay award and increment due, by this date. The highest salary is the Chief Executive on Grade 15 £158,500 and the lowest pay is an apprentice on £15,839. The median earning figure used as the denominator is £26,317, giving a pay ratio of 6.02: 1.

## 11. Publication

- 11.1. The Pay Policy Statement 2020-2021 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 2019-2020 will also be published on the City of Wolverhampton Council's website.