

<b>CITY OF WOLVERHAMPTON COUNCIL</b>	<b>Cabinet</b> <b>18 March 2020</b>
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<b>Report title</b>	Senior Pay Policy Statement 2020-2021	
<b>Decision designation</b>	RED	
<b>Cabinet member with lead responsibility</b>	Councillor Louise Miles Cabinet Member for Resources	
<b>Key decision</b>	Yes	
<b>In forward plan</b>	Yes	
<b>Wards affected</b>	N/A	
<b>Accountable director</b>	Mark Taylor, Deputy Chief Executive	
<b>Originating service</b>	Human Resources	
<b>Accountable employee(s)</b>	Denise Pearce	Head of Human Resources
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<b>Report to be/has been considered by</b>	Strategic Executive Board	24 February 2020

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#### **Recommendations for decision:**

That Cabinet recommends that Council:

1. Approves the Senior Pay Policy Statement for 2020-2021 (Appendix 1).
2. Approves the publication of the Senior Pay Policy Statement in line with the requirements of the Localism Act 2011.

#### **Recommendations for noting:**

That Cabinet recommends that Council is asked to note:

1. That the Pay Policy incorporates a new Grade 13 into the Senior Management Pay Structure, in order to provide a more flexible, adaptable structure to support future reviews and rationalisation of senior managers.

2. That the Pay Policy has been revised to ensure that it is explicit, that an Independent Executive Decision Notice, reportable to Cabinet (Resources) Panel in the usual manner, is required, if the Leader of the Council in consultation with the Head of Paid Service, makes additional payments below £100,000, on cessation of employment, for reasons other than redundancy.

## 1.0 Purpose

- 1.1 For Cabinet to consider and recommend that Council approve the new Senior Pay Policy Statement (Appendix 1) and its publication.

## 2.0 Background

- 2.1 Under section 112 of the Local Government Act 1972, the Council has the “power to appoint officers on such reasonable terms and conditions as the authority thinks fit”.
- 2.2 Section 38 of The Localism Act 2011 requires that each council prepares an annual pay policy statement setting out the following:
- a. The remuneration of its chief officers. In this context a ‘chief officer’ is defined as:
    - The head of its paid service designated under section 4(1) of the Local Government and Housing Act 1989;
    - Its Monitoring Officer designated under section 5(1) of the act;
    - A statutory chief officer mentioned in section 2(6) of that Act;
    - A non-statutory chief officer mentioned in section 2(6) of that Act;
    - A deputy chief officer mentioned in section 2(8) of that Act.
  - b. The remuneration of its lowest-paid employees, and
  - c. The relationship between:
    - The remuneration of its chief officers, and
    - The remuneration of its employees who are not chief officers.
- 2.3 It should be noted that provisions of the Act do not apply to the staff based in local authority schools.
- 2.4 Additionally the Act requires that the pay policy statement must set out the Council’s policies relating to:
- a. The level and elements of remuneration for each chief officer covered by the Act
  - b. The remuneration of chief officers on recruitment
  - c. Increases and additions to remuneration for each chief officer
  - d. The use of performance related pay for chief officers
  - e. The use of bonuses for chief officers
  - f. The publication of, and access to, information relating to remuneration of chief officers.
- 2.5 The Localism Act requires that a local authority publish the pay policy statement “in such manner as they see fit which must include publication on the authority’s website”. In addition, section 38 (4) requires authorities to set out in their pay policy statements their approach to the publication of and access to information relating to the remuneration of chief officers.

2.6 The requirements to publish a pay policy statement and details of senior pay have been underpinned by the mandatory requirements in the Local Government Transparency Code 2014. City of Wolverhampton Council will publish the relevant data sets under the transparency code on the Wolverhampton data share site following the approval of the Senior Pay Policy.

### **3.0 Detail included in the Pay Policy 2020-2021**

- 3.1 The Senior Pay Policy Statement for 2020–2021 (Appendix 1), reflects the senior management structure as at 31 March 2020. It sets out the principles of remuneration which will be followed in 2020-2021.
- 3.2 The Senior Pay Scale (Appendix 2) sets out the grades that have been applied for the year 2019-2020 and includes the incorporation of a new grade 13 to the Senior Manager Pay Structure for 2020-2021. It does not include any potential national pay award, as these are yet to be agreed.
- 3.3 The recent resignation of two Directors prompted the Chief Executive to further review the senior management structure. The Chief Executive is always looking to reduce costs, approximately £2.8 million has been removed from the Senior Management structure since 2010. Part of the review includes a proposal to further rationalise Director roles. With less Directors, the remaining Directors and the Heads of Service below them, in areas where the additional work has been incorporated, may be required to acquire additional knowledge, skills, experience and capability to support broader and in some instances more complex services. At the same time, they would still be required to operate and respond in a dynamic, cross cutting and agile way, as is our 'One Council' ethos, regardless of the directorate.
- 3.4 To comply with equal pay legislation, a review of roles amended by any review will be undertaken.
- 3.5 To allow for this, a new grade has been incorporated into the Senior Management Pay Structure, to sit between Heads of Service (currently paid Grade 11 or Grade 12 where appropriate and subject to business case) and the Director (currently paid Grade 13). It is felt that it may be appropriate for a small number of Directors to have the support of Deputy Directors (rather than Heads of Service), as their roles could significantly grow with the rationalisation of Director roles.
- 3.6 At this stage only the Director of Children's Service (DCS) will require the support of Deputy roles. Over the last six months the restructuring task and finish group which is chaired by the Deputy Chief Executive and reports into the Strategic Executive Board (SEB), have been considering options, to ensure any permanent arrangements are robust and provide sufficient capacity and support for the DCS. The resulting revised structure has been shared with staff, schools and Cabinet members who recognise the resulting benefits, the overriding one, being the creation of a whole system approach to improving outcomes for children and young people in Wolverhampton. The structure will of course also be fully aligned to the Children's Act 2004 and the statutory role of the DCS.

- 3.7 The revised structure in Children's Services, provides a dedicated Deputy Director role in both Education and Social Care. It aligns the relevant services under the Deputy roles, ensures a joined-up approach and adds capacity for the DCS at a strategic level.
- 3.8 To progress this and to ensure that timescales for teacher/headteacher applicants can be considered, advertisements are being prepared and circulated ahead of approval of the Deputy grade being agreed. If, however, this is not agreed, recruitment and selection would cease.
- 3.9 In April 2019, the senior management review made changes across all Directorates, moving away from a directorate led (Corporate, People & Place) organisation. The role of Service Director was removed and a single Grade 13 Director role, was established. This recognised the parity of roles and responsibilities of what was then Service Director and Director positions.
- 3.10 The new pay band would not be to reinstate the Service Director role. The new role of Deputy will be difficult roles, providing different support to Directors. It is not envisaged that these roles will be required across all areas of the Council. It should also be noted that City of Wolverhampton Council has enlisted the support of West Midlands Employers to assist with further independent benchmarking, both Regionally and Nationally to compare the Senior Management structures and pay within other Local Authorities.
- 3.11 The new Deputy Director grade would become the new Grade 13. Directors 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 within the current grades, just a renumbering of the grades.
- 3.12 As is currently the case, any amendments to already established and evaluated Senior Management roles would require a new Hay evaluation to take place. There is currently a gap in the evaluation scorings between the current Grade 12, Heads of Service, Hay evaluation points and the points scored by a Director role. For a role to be graded as a Deputy Director they would be required to reach the relevant evaluation scores.
- 3.13 The Senior Pay Data (Appendix 3) covers senior posts in line within the definitions in the guidance. Decisions on individual increments will not at this point have been taken, as these are subject to performance management criteria and will not take effect, if approved, until after 1 April 2020.
- 3.14 The Pay Policy requires a statement regarding cessation of employment for Senior Managers. The Policy allows Councils to make additional payments, for some reason other than redundancy. In the Pay Policy 2019-2020, Council gave approval to amend the process, to delegating approval to the Leader of the Council in consultation with the Head of Paid Service for any payments under £100,000. This amendment was scrutinised by external auditors, Grant Thornton who stated that "discussions with officers indicate that the amendment was made to ensure that decisions could be made in a timely manner and so that they do not have to wait for the next Cabinet meeting." The response from them was "we note this reason and do not consider it to be unreasonable. However, we also note that without appropriate scrutiny the decision made by the Leader and Head of Paid Service could be open to misinterpretation." It was not, however,

explicitly clear in last year's Policy that the process would also require an Individual Executive Decision Notice (IEDN) and that all IEDNs are then submitted to Cabinet (Resources) Panel as a matter of course. The new policy, therefore, has been amended to ensure for absolute transparency and clarity that this is the process. The External Auditors will be made aware that this was always the case and that the policy has now been amended to ensure that this is clear.

3.15 Data on all senior salaries in 2020-2021 will be published on the Wolverhampton data share site at <http://data.wolverhampton.gov.uk/View/employees/senior-salaries-wcc> and on the City Council's web site, following approval.

3.16 Data required by the Local Government Transparency Code 2015, will also be available by 31 March 2020. There is no requirement to put this in the Pay Policy. This data includes employees whose remuneration in the year 2019-2020 was at least £50,000 in brackets of £5,000. This information is recorded by job title. For senior managers whose salaries are £150,000 or more a name must also be given. At City of Wolverhampton Council this would only apply to the Chief Executive.

#### **4.0 Evaluation of alternative options**

4.1 The authority is required to prepare and publish a Pay Policy in accordance with the Localism Act 2011, there are no other options.

#### **5.0 Reasons for decision**

5.1 To ensure that the authority complies with the relevant legislation and best practice guidance.

#### **6.0 Financial Implications**

6.1 In the 2020-2021 Final Budget and Medium Term Financial Strategy 2020-2021 to 2023-2024 report, which was presented to Cabinet on 19 February 2020 and Full Council on 4 March 2020, it was noted that a review of the Senior Management Structure is currently underway, following two Directors leaving to pursue other opportunities. Whilst the Senior Pay Policy for 2020-2021 has been amended to incorporate of a new Deputy Director grade, it is anticipated that the review of the Senior Management Structure will realise in-year budget reductions which will be reported in future reports to Councillors.

6.2 As outlined in section 7 of the Senior Pay Policy (Appendix 1) the costs of payments in recognition of election responsibilities are met from Central Government.

6.3 The financial implications of the Senior Pay Policy for existing roles have been reflected in the Council's 2020-2021 Final Budget.  
[MH/06032020/L]

## **7.0 Legal Implications**

- 7.1 The preparation and approval of a pay policy statement is a requirement of section 38 of the Localism Act 2011. The Act prescribes information to be included in the statement, its manner of publication and the requirement for the Council to act in accordance with its approved Policy Statement.  
[TC/04042020/Z]

## **8.0 Environmental Implications**

- 8.1 There are no environmental implications arising from this report.

## **9.0 Equalities Implications**

- 9.1 This report sets out the policies used to manage senior pay across the Council and the current relationship between the highest and the lowest salary levels. The report highlights that the Council has a pay ratio which is within the Hutton report recommended range. All posts are subject to Job Evaluation, as agreed by the Trade Unions in the signing of our collective agreement.

## **10.0 Human resources implications**

- 10.1 Appointments into the senior pay structure are made in line with the Council's Constitution and relevant policies and procedures.

## **11.0 Corporate Landlord implications**

- 11.1 There are no Corporate Landlord implications arising from this report.

## **12.0 Health and Wellbeing implications**

- 12.1 There are no health and wellbeing implications arising from this report.

## **13.0 Schedule of background reports**

- 13.1 None

## **14.0 Appendices**

- 14.1 Appendix 1 – Senior Pay Policy Statement  
14.2 Appendix 2 – Senior Management Pay Scales incorporating the new grade 13  
14.3 Appendix 3 - Pay Policy Data  
14.4 Appendix 4 – Current roles where the pay range exceeds £100,000 per annum