

Cabinet (Resources) Panel

7 February 2017

Report title	Senior Pay Policy Statement 2016-2017 and 2017-2018	
Decision designation	RED	
Cabinet member with lead responsibility	Cllr Milkinder Jaspal Governance	
Key decision	No	
In forward plan	No	
Wards affected	N/A	
Accountable director	Kevin O'Keefe, Director of Governance	
Originating service	Human Resources	
Accountable employee(s)	Denise Pearce	Head of Human Resources
	Tel	01902 554515
	Email	denise.pearce@wolverhampton.gov.uk

Recommendation(s) for action or decision:

The Cabinet (Resources) Panel is recommended to agree for the report to be forwarded to Full Council for them to:-

1. Approve the Senior Pay Policy for 2016 - 2017 for immediate publication.
2. Approve the Senior Pay Policy for 2017 - 2018 for publication by 31 March 2017 in line with the Localism Act 2011.

1. Purpose

- 1.1 To seek Cabinet Resources approval to refer to Full Councils for agreement to the revised Senior Pay Policy
- 1.2 This report has been compiled to comply with the requirements of section 38 (1) of the Localism Act 2011.

2. 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 senior 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 senior 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

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[NOT PROTECTIVELY MARKED]

- 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 senior 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 senior 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 at the beginning of February 2017.
- 2.7 The senior pay policy statement for 2016 - 2017 (appendix 1), reflects the senior management restructure which was implemented with effect from 1 January 2015 and amended in a further review reported to the Senior Management Advisory Group on 20 April 2016. It sets out the principles of remuneration which have been followed in 2016 - 2017. The senior pay scale (appendix 2) sets out the senior pay spine following the senior management restructure; all senior pay grades have been subject to Hay evaluation. The senior pay data (appendix 3) covers senior posts in line within the definitions in the guidance and codes during the 2016 - 2017 financial year. This will be published with immediate effect.
- 2.8 The senior pay policy statement for 2017 - 2018 (appendix 4), reflects the senior management structure as it was amended in April 2016. It sets out the principles of remuneration which will be followed in 2017 - 2018. The senior pay scale (appendix 5) sets out the grades that will be applied to Senior Managers. To date there is no recommendation as to what the pay award will be with effect from 1st April 2017. To make the span of grades more consistent, Grade 16 has been extended by 2 increments from a 3 point grade to a 5 point grade. This has no impact in this Financial year for the current incumbent and has no impact on the Councils desire for a 1:10 ratio of lowest to highest paid employee. The senior pay data (appendix 6) covers senior posts in line within the definitions in the guidance and codes during the 2017/2018. Decisions on individual increments will not at this point have been taken as these are subject to performance management criteria. When these are decided upon, the published report will be amended with the updated detail.
- 2.9 Data on all senior salaries in 2016 - 2017 will be published on the Wolverhampton data share site at <http://data.wolverhampton.gov.uk/View/employees/senior-salaries-wcc> and on the City Councils web site, immediately following Full Councils’ approval.
- 3.0 Data on all senior salaries in 2017 - 2018 will be published on the Wolverhampton data share site at <http://data.wolverhampton.gov.uk/View/employees/senior-salaries-wcc> and on the City Councils web site, prior to 31st March 2017 with Full Councils’ approval.

3. Financial Implications

- 3.1 The senior pay structures detailed in this report for 2016-2017 are consistent with the assumptions in the Council's Medium Term Financial Strategy.
- 3.2 The pay policy for 2017-2018 incorporates an additional 2 scale points at Grade 16 however this change will have no financial impact until 2018-2019.
- 3.3 The payment of a market forces supplement in relation to the Strategic Director – People is estimated to cost approximately £6,000 in both 2016-2017 and 2017-2018, however it is anticipated that this additional cost can be met from the overall budget for the People Directorate.
- 3.2 As outlined in section 7 of the pay policies the costs of payments in recognition of election responsibilities are met from Central Government.
- 3.4 The financial implications of the pay policies will be fully reflected in the Council's Medium Term Financial Strategy to be presented to Cabinet on the 22 February 2017 and Council on 1 March 2017.
- 3.5 The two West Midlands Pension Fund posts are reflected within the West Midlands Pension Fund Budget.
[CN/24012017/V]

4. Legal Implications

- 4.1 The preparation and approval of a senior 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/23012017/F

5. Environmental Implications

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

6. Equalities Implications

- 6.1 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.

7.0 Environmental implications

- 7.1 This report has no environmental implications.

8.0 Human resources implications

- 8.1 There are no direct human resources implications arising from this report. Appointments into the senior pay structure are made in line with the Council's constitution and relevant policies and procedures.

9.0 Corporate Landlord implications

- 9.1 This report has no Corporate Landlord implication

Senior Pay Policy Statement 2016 - 2017

General Principles

This Policy Statement has been compiled to comply with the requirements of section 38 (1) of the Localism Act 2011.

1. Salaries on appointment and increments

- 1.1 Senior management appointments at Head of Paid Service and Strategic Director level are subject to full Council approval. The Strategic Director – People has been offered a fixed term contract until 30 June 2017 at the latest. This has negated the need for the current incumbent to continue as an ‘interim’.
- 1.2. Senior Management roles who met the eligible criteria, received the appropriate increment.

2. Annual Pay Award

- 2.1. All annual pay awards are set in line with nationally negotiated rates The nationally agreed pay award for 2016 - 2017 was 1% for both Chief Executives and Chief Officers. The Managing Director on Grade 16 receives the equivalent pay award for a Chief Executive and other Senior Managers on grade 12 to Grade 15 receive the equivalent pay awards Council Officers. All Senior Managers in 2016 - 2017 received 1%.

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. The Strategic Director - People has been offered a fixed term contract of employment until 30 June 2017 at the latest, with a Market Forces supplement.

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 in 2016 - 2017. It should be noted that had the City of Wolverhampton Council implemented Performance Related Pay, this would be in addition to any substantive salary.

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, but below Strategic Director, they are considered by the Managing Director and agreed at Strategic Executive Board. Strategic Directors 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 met the criteria had incremental progression in 2016 - 2017.

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.

The Council retains provision to make additional payments, or payments for some reason other than redundancy, but any payments require the prior approval of Cabinet and are reported in the annual accounts of the Council. Exit Capping and 'claw back' will have an impact on redundancy/early retirement processes and re-engagement. Final decisions still need to be made by Government on how these policies will be 'rolled out'. The impact this will have on City of Wolverhampton Council will be subject to a separate report.

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 election 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 and was applied to the Local Elections in May 2016. The figure was £9,450 gross, but the Acting Returning Officer distributes some of this fee to his Deputy Returning Officers. For the EU referendum the figure was £8,028 and was again partly distributed to Deputy Returning Officers.

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 2016 -2017 is 23.20% and for NHS is 14.30%

9. Interim Directors

- 9.1. Strategic Director – People, commenced on 16th January 2015 and was engaged on this basis until she commenced her fixed term contract. The appointment was made, so an experienced Senior Manager could take the service through its transformation and the Children’s service Ofsted inspection.
- 9.2. Interim Director of Education was appointed on 10 August 2015. This role was appointed to, following the departure of the permanent Director of Education, who had to leave due to ill health. The post needed to be filled quickly as it was essential to ensure the School Improvement Agenda did not fall behind.
- 9.3. Interim Service Director, Commercial Services commenced on 23 May 2016. This role is required to provide the Council with more commercial acumen to ensure best value is achieved across all of its Services. This role also acts as the Lead Officer for both Procurement and Commissioning in 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, and the identification of the lowest paid role, full-time jobs performed all year round have been taken into account with the exclusion of posts that include an on-going training requirement, such as an apprenticeship.
- 10.4. The lowest paid role that meets this criteria is that of a Cleaner, who is paid Grade 2, Local Pay Point 2 (annual full time equivalent salary £15,507), on the Wolverhampton local pay scale which was implemented as part of the Single Status collective agreement on 1 April 2013.
- 10.5. There are 20 employees paid at Grade 1, but they do not fit the criteria of having employees in post full time and all year round.

The comparison between pay is set out below:

Job Title	Gross Annual Payment	Multiplier
Managing Director	£143,925 (inclusive of increment on 1 April 2016)	9.28 : 1
Cleaner	£15,507	

The Council's multiplier of 9.28 falls well below Lord Hutton's public sector threshold, is lower than similar-sized Councils and is substantially below private sector equivalents.

11. Publication

- 11.1. The Senior Pay Policy Statement 2016 - 2017 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>