

Pay Policy Statement 2018- 20197

General Principles

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

1. Appointment and increments

- 1.1 There have been recent amendments made to the constitution regarding appointments of Senior Managers. A Special Appointment Committee will be established to appoint the Head of Paid Service, Section 151 Officer, Monitoring Officer and Strategic Directors 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 must be confirmed by Full Council.
- 1.2. The Special Appointment Committee for any other Director or Service Director 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.
- 1.4 Senior Management roles who meet the eligible criteria, received the appropriate increment, normally backdated to 1 April (see 4.2).

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 1% each year, for both Chief Executives and Chief Officers. The pay award for 2018 – 2019 has not yet been agreed, but will be applied to salaries when we are advised. The Managing Director on Grade 16 receives the equivalent pay award percentage rate for a Chief Executive and other Senior Managers on grade 12 to Grade 15 receive the equivalent pay award percentage rate for Chief Officers. Employees Grade 11 and below receive the pay award agreed through collective bargaining with the National Employers and the relevant Trade Unions . This has not been agreed.

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, 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 meet the performance criteria are expected to receive an increment in 2018 -2019.

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, but any payments require the prior approval of Cabinet and are reported in the annual accounts of the Council.
- 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 Exit Capping regulations are introduced in this financial year.
- 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. To date the Council does not know the figure for payments for 2018 - 2019. To date there are only Local Elections envisaged for 2018 - 2019.

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 2017 - 2018 was 28.42% and for NHS pensions was 14.38%. However, the employer contribution rate for 2018 - 2019 is not yet known.

9. Interim Senior Managers

- 9.1. There are currently no Interim workers held against Senior Managers posts.

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 this criteria is that of a Cleaner, who is paid Grade 2, Local Pay Point 2 (annual full time equivalent salary £15,807), 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 34 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 9.35: 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 Huttons 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	9.35 : 1	£147,915	Managing Director
				£15,807	Cleaner

- 10.10 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.
- 10.11 The impact of the Local Government pay award, due on 1 April 2018, will no doubt have an impact on the pay ratio. It will more than likely see the pay ratio reduce as lower paid employees receive a higher percentage pay award than Senior Managers, as the move towards the increase in the National Living Wage progresses.
- 10.12 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 1st April 2017 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 16 £147,915 and the lowest pay is an apprentice on £7,800. The median earning figure used as the denominator is £24,174.00, giving a pay ratio of 1 : 6.1

11. Publication

- 11.1. The Pay Policy Statement 2018 - 2019 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>