



Meeting of the City Council

1 April 2015

Report title	Senior pay policy statement 2014/15 and 2015/16	
Referring body	Managing Director	
Councillor to present report	Cllr Paul Sweet	
Wards affected	All	
Cabinet Member with lead responsibility	Cllr Paul Sweet Performance and Governance	
Strategic director	Keith Ireland	
Originating service	Human Resources, Transformation	
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Report to be/has been considered by	Strategic Executive Board	2 March 2015

Recommendation(s) for action or decision:

The Council is recommended to:

Approve the Senior Pay Policy Statement for 2014/15 and 2015/16 for immediate publication in line with the Localism Act 2011

SENIOR PAY POLICY STATEMENT 2014/15 and 2015/16

1. Purpose

- 1.1 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 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
- 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. Wolverhampton City Council published the relevant data sets under the transparency code on the Wolverhampton data share site at the beginning of February 2015.
- 2.7 The senior pay policy statement and appendices reflect the senior management restructure which was implemented with effect from 1 January 2015. It sets out the principles of remuneration which have been followed in 2014/15 and will continue into 2015/16. The senior pay scale appendix (appendix 2) sets out the revised senior pay spine following the senior management restructure; all senior pay grades have been subject to Hay evaluation. The senior pay data appendix (appendix 3) covers senior posts in line within the definitions in the guidance and codes during the 2014/15 financial year up to February 2015.
- 2.8 The senior management restructure saw the deletion of the Chief Executive post and a Strategic Director post and the creation of a Managing Director (Head of Paid Service) post which resulted in a saving of £195,000 per annum, and set a minimum savings target from the full restructure of £350,000.
- 2.9 The Senior Pay Policy Statement is set out at appendices 1, 2 and 3. Data on all senior salaries in 2014/15 is also published on the Wolverhampton data share site at <http://data.wolverhampton.gov.uk/View/employees/senior-salaries-wcc>
- 2.10 The pay policy statement will be published on the City Council’s website by 31 March 2015 to accompany the data tables.

3. Financial Implications

- 3.1 All of the payments made under this policy are incorporated into the General Fund Revenue budget with the exception of the two West Midlands Pension Fund posts which are reflected within the West Midlands Pension Fund budget.

[MT/20032015/Z]

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.

[RB/23032015/L]

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 implications

10.0 Schedule of background papers

- 10.1 Report to Strategic Executive Board, 2 March 2015, Senior Pay Policy
Report to Council, 5 November 2014, Senior management restructure
Report to Council, 17 September 2014, Senior management restructure

SENIOR PAY POLICY STATEMENT 2014/15 and 2015/16

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**

Senior management salaries above £100,000 are subject to full Council approval. In 2014/15, the senior management restructure which created the appointment of the role of managing director, deletion of the chief executive role and total senior management savings of £350,000 was approved by Council on 5 November 2014.

2. **Annual Pay Award**

All annual pay awards are set in line with nationally negotiated rates. No national agreement has yet been made about a pay award for JNC for Chief Executive's pay. A nationally agreed pay award has been implemented for senior management roles on NJC terms and on Chief Officer pay scales with effect from January 2015 and will cover the period up to 31 March 2016.

3. **Market forces supplements**

Wolverhampton City 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, based on evidence of recruitment and retention difficulties. Market forces supplements are awarded for a defined period and subject to regular review. No senior management posts are currently in receipt of a market forces supplement.

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

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. Wolverhampton City Council has not implemented this and has no plans to introduce this approach during 2015/16.

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 will be considered by the Managing Director based on achievement of the individual objectives set in the individual work programme, overall performance and effectiveness.

5. Cessation of Employment

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.

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

Wolverhampton City 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 Wolverhampton City 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

In accordance with 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 will apply to the general election in 2015. Fees for the then Strategic Director of Delivery who acted as Returning Officer for 2014's European election have been approved (£8,305); fees for the by-election for the West Midlands Police and Crime Commissioner have not yet been approved by the Home Office.

8. Pension Contributions and other elements of remuneration

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 2014/15 is 20.4%.

9. Interim Strategic Director for People

At the Cabinet meeting on 12 November 2014, approval was given to appoint an interim Strategic Director for People until such times as a permanent appointment is made by a

Special Appointments Committee of the Council. An interim appointment has been made with effect from January 2015 by a Special Appointments Committee.

10. Pay comparison between the highest and the lowest paid

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”

- . 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.
- . The highest paid role is that of Managing Director; it should be noted that although appointed in Autumn 2014, the Managing Director voluntarily did not take the salary for the role until January 2015 and continued to receive the salary of a strategic director up to that point.

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.

This definition results in Box Office Assistant being identified as the lowest paid role. The grade for this role is grade 1 local pay point 1 (annual full time equivalent salary £14,854) on the Wolverhampton local pay scale which was implemented as part of the Single Status collective agreement at 1 April 2013. The comparison between pay is set out below:

Job Title	Gross Annual Payment	Multiplier
Managing Director	£ 140,000	9.4 : 1
Box Office Assistant	£ 14,854	

The Council’s multiplier of 9.4 falls well below Lord Hutton’s public sector threshold, is lower than similar-sized local authorities and is substantially below private sector equivalents.

11. Publication

The Senior Pay Policy Statement 2014/15 and 2015/16 will be published on the City Council's website, alongside the data published under the Local Government Transparency code, at <http://www.wolverhampton.gov.uk/article/1889/Corporate>