

Sandwell Metropolitan Borough Council

6 March 2018

Subject:	Pay Policy 2018 and Gender Pay Gap Reporting
Director:	Executive Director – Resources – Darren Carter
Contribution towards Vision 2030:	
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DECISION RECOMMENDATIONS

That:

1. the Pay Policy Statement 2018, as now submitted, be approved.
2. the Gender Pay Gap data, as now submitted, be approved, and that the reporting requirements are noted in readiness for publication, prior to 30 March 2018.

1 PURPOSE OF THE REPORT

- 1.1 Each year the Council is required, by the Localism Act 2011, to prepare and publish a Pay Policy Statement setting out its policies relating to: the remuneration of their chief officers; the remuneration of their lowest-paid employees; and the relationship between the pay of chief officers and that of other employees.
- 1.2 In addition, and under new legislation, the Council is required, by the Equality Act Regulations 2017, to prepare and publish its Gender Pay Gap data. This provision adds to a range of transparency obligations already placed upon local authorities.

2 **IMPLICATIONS FOR SANDWELL'S VISION**

- 2.1 Ambition 3 – Our workforce is skilled and talented, geared up to respond to changing business needs and to win rewarding jobs in a growing economy.
- 2.2 Ambition 10 - Sandwell now has a national reputation for getting things done, where all local partners are focused on what really matters in people's lives and communities

3 **BACKGROUND AND MAIN CONSIDERATIONS**

Pay Policy Statement

- 3.1 The Act determined that the Statement must cover a range of the authority's policies relating to the pay of Chief Officers including:-
 - the level and elements of remuneration for each officer (including salary, bonuses, performance-related pay and benefits in kind);
 - remuneration of chief officers on recruitment;
 - increases and additions to remuneration; and
 - the approach to the payment of chief officers on their ceasing to hold office or to being employed by the authority.
- 3.2 Supplementary Guidance has since added to and clarified the information required to be published, notably that the Council should be given the opportunity to vote before: -
 - “large salary packages (are) offered in respect of a new appointment” and “large severance packages are approved for staff leaving the organisation.”
 - and that the Council should state the thresholds at which it wishes to require approval.

The Guidance considered that £100,000 is an appropriate threshold.

- 3.3 Section 40 of the Localism Act requires the Council to have regard to this guidance in the exercise of its functions under pay accountability provisions. The Council follows the spirit of the guidance, should particular circumstances dictate, and this approach has duly been reflected in the Pay Policy Statement.

Gender Pay Gap Reporting

- 3.4 As a result of new legislation, the Council is required to publish the following statistics on its public-facing web site, and report the same, to the government online:
- The mean gender pay gap
 - The median gender pay gap
 - The proportion of male and female employees in each pay quartile
 - A narrative to supplement the data
- 3.5 The gender pay gap is an equality measure that shows the difference in average earnings between men and women, expressed as a percentage of male earnings.
- 3.6 The legislation details that employees at 'Maintained Schools' must be treated as if employed by the governing body, therefore the Council must exclude schools from its gender pay gap reporting.

4 THE CURRENT POSITION

Pay Policy Statement

- 4.1 The Council's previous Annual Pay Policy statements had informed interested parties that since 1 February 2015, the pay ratio between the lowest paid (full time equivalent) employee and the Chief Executive was 1:10, but that this ratio has now narrowed to 1:9.
- 4.2 The Pay Policy Statement for the Council for 2018, covering the period 1 February 2017 to 31 January 2018 is attached for approval, prior to publishing before 31 March 2018

Gender Pay Gap Reporting

- 4.3 Sandwell Councils 'mean' Gender Pay Gap figure for 2018 is 8.4%.
- 4.4 Calculations have been made in line with the regulations set out in the gender pay gap reporting legislation.
- 4.5 Clearly, the causes of the gender pay gap are complex and overlapping and there is not one single over-riding reason why the gender pay gap exists. Therefore, a supporting narrative to explain and compliment the Councils gender pay gap data will be developed, along with a strategy to look at measures to address the gap, going forward.

4.6 It should be noted that the Gender Pay Gap figures will be used as an initial baseline to enable the Council to monitor its progress.

5 CONSULTATION (CUSTOMERS AND OTHER STAKEHOLDERS)

5.1 There are no specific consultation requirements to be carried out with Customers or Stakeholders as a result of the contents of this report.

6 ALTERNATIVE OPTIONS.

6.1 In accordance with the requirement of the Localism Act 2011, and the Equality Act Regulations 2017, the Council is required to publish the pay policy statement prior to 31 March 2018 and its gender pay gap data prior to 30 March 2018.

6.2 There are not any alternative courses of action available that would otherwise satisfy these requirements.

7 STRATEGIC RESOURCE IMPLICATIONS

7.1 Publication of these statistics are part of the range of obligations placed upon local authorities to be open and transparent.

7.2 The Corporate Risk Management Strategy (CRMS) has been complied with – to identify and assess the significant risks associated with this decision/project.

7.3 Based on the information provided, it is the officers' opinion that there are no significant risks associated with the decisions being sought that need to be reported.

8 LEGAL AND GOVERNANCE CONSIDERATIONS

8.1 Personal data relating to chief officers' pay will appear in the public domain.

8.2 The Council will be acting illegally if it does not comply with the requirement to publish a Pay Policy Statement as soon as is reasonably practical after its approved and, in any event, by the end of March in each year.

8.3 The Council must publish a report setting out any gender pay gap data relating to all of its employees.

8.4 Section 40 of the Localism Act requires authorities to have regard to guidance issued by the Secretary of State in the exercise of their functions under pay accountability provisions.

9 EQUALITY IMPACT ASSESSMENT

- 9.1 An initial screening was undertaken in January 2012 when the first annual pay policy statement was being developed. It was agreed at this time that the subject of the statement did not meet the criteria for undertaking a full EIA.
- 9.2 This is the first time that the Council will have published its Gender Pay Gap data in response to the new regulations. The purpose of these regulations is to tackle the gender pay gap that exists in organisations and provide transparency around gender pay gap differences. The report addresses all of the equality issues around gender pay and provides a baseline for the Council to monitor its progress, going forward.
- 9.3 An initial Equality Impact Assessment screening has been carried out on Gender Pay Gap reporting, and it has been agreed that at this time, a full EIA is not required.

10 DATA PROTECTION IMPACT ASSESSMENT

- 10.1 There are no specific data protection implications arising from the contents of this report.

11 CRIME AND DISORDER AND RISK ASSESSMENT

- 11.1 There are no specific crime and disorder implications arising from the contents of this report.

12 SUSTAINABILITY OF PROPOSALS

- 12.1 There are no sustainability issues connected to the recommendations contained within this report.

13 HEALTH AND WELLBEING IMPLICATIONS (INCLUDING SOCIAL VALUE)

- 13.1 There are no specific health and wellbeing implications arising from the contents of this report.

14 IMPACT ON ANY COUNCIL MANAGED PROPERTY OR LAND

- 14.1 There are no specific impacts on any council managed land or property.

15 CONCLUSIONS AND SUMMARY OF REASONS FOR THE RECOMMENDATIONS

- 15.1 The Council is required, by the Localism Act 2011 and its supplementary guidance, to prepare a Pay Policy Statement each year as detailed in this report.
- 15.2 In addition, and under new legislation, the Council is required, by the Equality Act Regulations 2017, to prepare and publish its Gender Pay Gap data.
- 15.3 The Council will be acting illegally if it does not comply with these acts and publish this data as soon as is reasonably practical after its approval and, in any event, by 31 March 2018 and 30 March 2018 respectively.

16 BACKGROUND PAPERS

- 16.1 Section 38, 40 and 43 of the Localism Act 2011
- 16.2 Supplementary Guidance provided by the Department for Communities and Local Government
- 16.3 Equality Act Regulations 2017

17 APPENDICES:

Pay Policy Statement 2018

Darren Carter
Executive Director – Resources