

## **SANDWELL MBC**

### **PAY POLICY STATEMENT 2020**

#### **Introduction and Purpose**

Under section 112 of the Local Government Act 1972, Sandwell Council has the “power to appoint officers on such reasonable terms and conditions as authority thinks fit.” This Pay Policy Statement (the ‘statement’) sets out the Council’s approach to pay policy in accordance with the requirements of Section 38 of the Localism Act 2011 and Supplementary Guidance provided by the Department for Communities and Local Government.

The purpose of the statement is to provide transparency with regard to the Council’s approach to setting the pay of its employees by identifying:

- the methods by which salaries of all employees are determined;
- the detail and level of remuneration of its most senior staff i.e. ‘chief officers’, as defined by the relevant legislation;
- the Committee or Panel responsible for ensuring the provisions set out in this statement are applied consistently throughout the Council and recommending any amendments to the full Council.

Once approved by the full Council, this policy statement will come into immediate effect and will be subject to review on a minimum of an annual basis in accordance with the relevant legislation prevailing at that time.

This statement covers the period 1 February 2019 to 31 January 2020.

#### **Legislative framework**

In determining the pay and remuneration of all of its employees, the Council will comply with all relevant employment legislation. This includes the Equality Act 2010, Part Time Workers (Prevention of Less Favourable Treatment) Regulations 2000, The Agency Workers Regulations 2010 and where relevant, the Transfer of Undertakings (Protection of Employment) Regulations 2006. With regard to the Equal Pay requirements contained within the Equality Act, the Council ensures there is no pay discrimination within its pay structures and that all pay differentials can be objectively justified through the use of equality-proofed Job Evaluation mechanisms which directly relate salaries to the requirements, demands and responsibilities of each role.

## **Pay Structure**

The Council has adopted and applies the Local Government Single Status Job Evaluation Scheme and uses the nationally-negotiated pay spine as the basis for its local grading structure. This determines the salaries of the vast majority of the Council's non-teaching workforce. Since April 2009, there have been six "cost-of-living" increases in the national pay spine. These were effective on 1 April 2013, 1 January 2015, 1 April 2016, 1 April 2017, 1 April 2018 & 1 April 2019.

The current salaries of Chief Officers were determined following an independent evaluation of their duties and responsibilities in 2010 and reviewed for Corporate Services in 2014. Chief Officers earning less than £100,000 per year received a cost-of-living salary increase on 1 January 2015, and all Chief Officers received a 1% pay rise on 1 April 2016 and 1 April 2017, and 2% on 1 April 2018 and 1 April 2019. The last previous cost-of-living salary increase for all Chief Officers was in 2008.

All other pay-related allowances are the subject of either nationally or locally negotiated rates, having been determined from time-to-time in accordance with collective bargaining machinery and/or as determined by council policy.

In determining its grading structure and setting remuneration levels for all posts, the Council takes account of the need to ensure value-for-money in respect of the use of public expenditure, balanced against the need to recruit and retain employees who are able to meet the requirements of providing high quality services to the community, delivered effectively and efficiently and at times at which those services are required.

New appointments should normally be made at the minimum of the relevant grade, although this can be varied, where necessary, to secure the best candidate.

Employees of the local authority's schools and those on teachers' terms and conditions of service who are not attached to a school, do not fall within the scope of this policy.

## Senior Management Remuneration

For the purposes of this statement, senior management means 'chief officers' as defined within s43 of the Localism Act. The posts falling within the statutory definition, together with details of their basic salaries as at 31 January 2020 are set out below;

a) Chief Executive (one post)

In the period 1 February 2019 to 31 March 2019, the annual salary of the post designated as the Chief Executive was £144,630.

On 1 April 2019, the annual salary of the post increased by 2% to £147,523. These amounts are inclusive of Returning Officer duties.

b) Executive Director - Adult Social Care, Health and Wellbeing (one post)

The annual salary of the post designated as the Director of Adult Social Care, Health and Wellbeing falls within a range of six incremental points between £122,977 and £136,679. The post is currently vacant.

c) Executive Director - Resources (one post)

The annual salary of the post designated as the Director of Resources falls within a range of six incremental points between £122,977 and £136,679. The current salary of the post-holder is £130,769.

d) Executive Director - Neighbourhoods (one post)

The annual salary of the post designated as the Executive Director of Neighbourhoods falls within a range of six incremental points between £122,977 and £136,679. The current salary of the post-holder is £128,172.

e) Executive Director - Children's Services (one post)

The annual salary of the post designated as the Executive Director of Children's Services falls within a range of six incremental points between £122,977 and £136,679. The current salary of the post-holder is £136,679.

f) Directors (seven posts)

The annual salaries of Directors posts fall within a range of six incremental points between £92,547 rising to a maximum of £107,922.

The total number of Chief Officer posts in a) to f) above, is twelve. This is one post more than the number reported in 2019.

Salaries specified above are inclusive of a travel allowance.

## **Recruitment of Chief Officers**

The Council's policy and procedures with regard to the recruitment and appointment of chief officers is set out within the Officer Employment Procedure Rules under Part 4 of the Constitution. The determination of the remuneration to be offered to any newly appointed chief officer will be in accordance with the pay structure and relevant policies in place at the time of recruitment.

When making appointments, the Council will follow the spirit of Supplementary Guidance issued by the Secretary of State, should circumstances dictate.

## **Additions to Salaries of Chief Officers**

With the exception of progression through the incremental scale of the relevant grade being subject to an annual assessment of performance, the level of remuneration is fixed.

## **Payments on Termination of Chief Officers**

The Council's approach to discretionary payments on termination of employment of chief officers, prior to reaching normal retirement age, is set out within its Pensions Policy Statement in accordance with Regulations 5 and 6 of the Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations 2006 and Regulation 31 of the Local Government Pension Scheme (Membership, Contribution and Benefits) Regulations 2013.

In appropriate circumstances, any other payments falling outside the provisions, or the relevant periods of contractual notice shall be dealt with by the Committee established by the Council to deal with Chief Officers' Terms and Conditions of Employment.

When making payments to Chief Officers on their termination, the Council will follow the spirit of Supplementary Guidance issued by the Secretary of State, should particular circumstances dictate.

## **Publication**

Upon approval by the full Council, this statement will be published on the Council's Website. ([www.sandwell.gov.uk](http://www.sandwell.gov.uk)). In addition, for chief officers, where their full time equivalent salary is at least £50,000, the Council's Annual Statement of Accounts will include a note setting out the total amount of:-

- salary, fees or allowances paid to or receivable by the person in the current and previous year;
- any bonuses so paid or receivable by the person in the current and previous year;
- any sums payable by way of expenses allowance that are chargeable to UK income tax;
- any compensation for loss of employment and any other payments connected with termination;
- any benefits received that do not fall within the above.

## **Lowest Paid Employees**

The lowest paid persons employed under a contract of employment with the Council are employed on full time (37 hours per week) equivalent salaries in accordance with the minimum Spinal Column Point currently in use within the Council's grading structure.

In the period 1 February 2019 to 31 March 2019, the minimum annual full-time salary was £16,394.

As a result of the 2019 pay award, from 1 April 2019 to 31 January 2020, the minimum annual full-time salary became £17,364.

The relationship between the rate of pay for the lowest paid and chief officers is determined by the processes used for determining pay and grading structures as set out earlier in this Pay Policy Statement.

The statutory guidance under the Localism Act recommends the use of pay multiples as a means of measuring the relationship between pay rates across the workforce and that of senior managers, as included within the Hutton 'Review of Fair Pay in the Public Sector' (2010). The Hutton report was asked by Government to explore the case for a fixed limit on dispersion of pay through a requirement that no public-sector manager can earn more than 20 times the lowest paid person in the organisation.

The report concluded that the relationship to median earnings was a more relevant measure and the Government’s Code of Recommended Practice on Data Transparency recommends the publication of the ratio between highest paid salary and the median average salary of the whole of the authority’s workforce.

On 31 January 2020, the median Full Time Equivalent (FTE) salary was £26,317.

| The pay level ratios within the Council   | as at 31 January 2020 | as at 31 January 2019 | as at 31 January 2018 | as at 31 January 2017 | as at 31 January 2016 |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| a)...between the lowest paid FTE employee and the Chief Executive’s pay                 | 1:8                   | 1:9                   | 1:9                   | 1:10                  | 1:10                  |
| b)...between the lowest paid FTE employee and median (average) Chief Officers’ pay      | 1:6                   | 1:6                   | 1:7                   | 1:7                   | 1:7                   |
| c)...between the median (average) FTE earnings and the Chief Executive’s pay            | 1:6                   | 1:6                   | 1:5                   | 1:5                   | 1:5                   |
| d)...between the median (average) FTE earnings and median (average) Chief Officers’ pay | 1:4                   | 1:4                   | 1:4                   | 1:4                   | 1:4                   |

Ratios have been rounded to the nearest whole figure.

As part of its overall and ongoing monitoring of alignment with external pay markets, both within and outside the sector, the Council will use available benchmark information as appropriate.

### **Accountability and Decision Making**

In accordance with Part 3 (Responsibility for Functions) of the Council’s Constitution, the Council’s executive is responsible for making recommendations and/or determining issues relating to the Council’s Corporate Pay, Terms and Conditions and Grading Structure and severance arrangements in relation to employees of the Council, with the exception of posts which are defined as Chief Officer posts in accordance with Sections 2 (6), (7) and (8) of the Local Government and Housing Act 1989.

The Council each year will establish a committee responsible for determining matters in relation to the employment, remuneration and terms and conditions of employment of the Head of the Paid Service and Chief Officers of the Council as defined in Sections 2 (6), (7) and (8) of the Local Government and Housing Act 1989.