

# Report to Council

**23 March 2021**

<b>Subject:</b>	Pay Policy 2020 & Gender Pay Gap Reporting
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## 1 Recommendations

- 1.1 that the Pay Policy Statement 2021, as now submitted, be approved. Following approval, this statement is published prior to 31 March 2021.
- 1.2 that the Gender Pay Gap data, as now submitted, be approved. Following approval, this data is published prior to 30 March 2021.

## 2 Reasons for Recommendations

- 2.1 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.
- 2.2 Each year the Council is also required by the Equality Act (Specific Duties and Public Authorities) Regulations 2017, to prepare and publish its Gender Pay Gap data. These provisions form part of a range of transparency obligations placed upon local authorities.



### 3 How does this deliver objectives of the Corporate Plan?

	Strong resilient communities - 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
	A strong and inclusive economy - Our workforce is skilled and talented, geared up to respond to changing business needs and to win rewarding jobs in a growing economy.

## 4 Context and Key Issues

### Pay Policy Statement

4.1 The Localism 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.

4.2 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.



- 4.3 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.
- 4.4 The Council's previous Annual Pay Policy statements had informed that the pay ratio between the **median** (average) FTE employee and the Chief Executive was 1:6. Analysis has shown that this **median** figure has increased over the last year from £26,317 to £27,741 per annum, causing this pay ratio to narrow to 1:5.
- 4.5 The Council's previous Annual Pay Policy statements had also informed that the pay ratio between the lowest paid (full time equivalent) employee and the Chief Executive was 1:10. This ratio narrowed on 1 February 2018 to 1:9 and narrowed again to 1:8 on 1 February 2020. Recent analysis has shown that this trend has now stabilised.
- 4.6 The Pay Policy Statement for the Council for 2021, covering the period 1 February 2020 to 31 January 2021 is attached for approval, prior to publishing.

### **Gender Pay Gap Reporting**

- 4.7 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
- 4.8 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.
- 4.9 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.



- 4.10 Sandwell Council's 'mean' Gender Pay Gap figure for 2021 has narrowed from 6.4% to 5.1% over the last 12 months.
- 4.11 It should be noted that the first 'mean' Gender Pay Gap figure, published in 2018, was 8.4%. It was agreed that the Council would use this figure as an initial baseline to enable the monitoring of progress.
- 4.12 In addition, it should be noted that the median Gender Pay Gap figure has also narrowed in the last year from 14.4% to 12.1%.
- 4.13 Although the Gender Pay Gap figures have reduced, the causes of any gender pay gap remain complex and overlapping and there is not one single over-riding reason why a gender pay gap exists. For the purposes of this report however, the following four points are worthy of note:
- 4.14 The National Joint Council for Local Government Services (NJC) considered it necessary to implement a revised pay spine from 1 April 2019. This pay spine recognised the need to have some headroom from the statutory minimum National Living Wage (NLW) rate and therefore offered some future proofing in this regard. As a result of this a starting rate of £9.00 per hour was incorporated from 1 April 2019. Reporting has identified that around 80% of those employees receiving the new starting rate were female.
- 4.15 The new NJC pay spine also introduced equal steps of 2% between spinal points 1 to 22. This consistent and fair approach applies to all employees on Bands A to E inclusive. Reporting has identified that around 65% of those employees in these bands are female.
- 4.16 Sandwell Council has always held a long-standing view and commitment to support employees at the lower end of the pay scale, by following the minimum hourly rate set independently of government by academics at Loughborough University and promoted by the Living Wage Foundation. This is called the Living Wage. Because of this commitment, Cabinet agreed for the Council to start paying the Living Wage, as a minimum, to all its internal employees from 1 April 2018. As in 4.14 above, the majority of employees who receive a Living Wage supplement are female.



4.17 There has been an improvement over the last 2 years in the number of female employees employed in more senior roles.

Grade	Gender	Director	Service Manager	Band J	Band I	Band H	Band G	All grades
2020/21	Male	6	17	23	34	85	149	1731
	Female	6	15	13	44	96	174	2413
2019/20	Male	6	21	27	33	89	152	1739
	Female	4	14	16	35	92	167	2381

4.18 A supporting narrative to explain and compliment the Council’s gender pay gap data will be developed and published.

4.19 All calculations have been made in line with the regulations set out in the gender pay gap reporting legislation.

### Consultation

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

## 5 Alternative Options

5.1 In accordance with the requirement of the Localism Act 2011, and the Equality Act (Specific Duties and Public Authorities) Regulations 2017, the Council is required to publish the pay policy statement prior to 31 March 2021 and its gender pay gap data prior to 30 March 2021.

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



## 6 Implications

<b>Resources:</b>	There are no specific resource implications arising from the contents of this report.
<b>Legal and Governance:</b>	<p>Personal data relating to chief officers' pay will appear in the public domain.</p> <p>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 it's approved and, in any event, by the end of March in each year.</p> <p>The Council must publish a report setting out its gender pay gap data relating to all its employees by the end of March each year.</p> <p>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.</p>
<b>Risk:</b>	<p>Publication of these statistics are part of the range of obligations placed upon local authorities to be open and transparent.</p> <p>The Corporate Risk Management Strategy (CRMS) has been complied with – to identify and assess the significant risks associated with this decision/project.</p> <p>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.</p>
<b>Equality:</b>	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.



	An initial screening was carried out in January 2018 on Gender Pay Gap reporting, when the first set of data was produced. It was agreed at this time that a full EIA was not required.
<b>Health and Wellbeing:</b>	There are no specific health and wellbeing implications arising from the contents of this report.

## 7 Conclusions and Reasons for the Recommendations

- 7.1 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.
- 7.2 In addition, the Council is required, by the Equality Act (Specific Duties and Public Authorities) Regulations 2017, to prepare and publish its Gender Pay Gap data.
- 7.3 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 2021 and 30 March 2021 respectively.

## 8. Appendices

Pay Policy Statement 2021

## 9. Background Papers

- 9.1 Section 38, 40 and 43 of the Localism Act 2011
- 9.2 Supplementary Guidance provided by the Department for Communities and Local Government
- 9.3 Equality Act (Specific Duties and Public Authorities) Regulations 2017.

