

Report to Council

1 March 2022

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| Subject: | Pay Policy 2022 & Gender Pay Gap Reporting |
| Director: | Interim HR Director Sue Stanhope |
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1 Recommendations



- 1.1 That the Pay Policy Statement 2022, as now submitted, be approved. Following approval, this statement is published prior to 31 March 2022.
- 1.2 That the Gender Pay Gap data, as now submitted, be approved. Following approval, this data is published prior to 30 March 2022.

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?

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|  | 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 statement 2021 had informed that the pay ratio between the median FTE employee and the Chief Executive had narrowed from 1:6 to 1:5. Although this pay ratio has remained at 1:5, this median salary figure has increased over the last year from £27,741 to £28,672 per annum.
- 4.5 Analysis has also shown that the median Chief Officer salary has reduced over the last year from £110,890 to £107,731 per annum. This is a result of the recent and completed senior management restructure and realignment of services, with all directors now in post.
- 4.6 The Pay Policy Statement for the Council for 2022, covering the period 1 February 2021 to 31 January 2022 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 2022 has narrowed from 5.1% to 3.4% 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 By way of a benchmark, the Office for National Statistics (ONS) recently published the results of its annual survey of the gender pay gap in the United Kingdom. The mean Gender Pay Gap figure as at 1 April 2021 was 7.9%.
- 4.13 In addition, it should be noted that the median Gender Pay Gap figure has also narrowed in the last year from 12.1% to 10.4%.
- 4.14 Although the Gender Pay Gap figures continue to reduce, 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 three points are worthy of note:
- 4.15 In October 2017, Cabinet agreed for the Council to start paying the hourly rate set and promoted by the Living Wage Foundation, as a minimum, to all its internal employees. By paying the Foundation Living Wage, Sandwell is honouring a long-term commitment to improve the lives of employees at the lower end of the pay scale and has voluntarily taken a stand to ensure employees earn a wage which is sufficient to live on. The Council's decision to pay this hourly rate has been applied consistently ever since, to all Council and school based (non-teaching) employees. Reporting has identified that around 80% of those employees receiving this wage are female.
- 4.16 Each April, and in accordance with their terms and conditions of employment, employees receive a pay increment until they reach the top of their respective grade. Analysis has identified that in pay bands A to F 418 male and 563 female employees are not currently at the top of their grades. Therefore, incremental progression is still available for more female employees than male employees. In summary, over time, female employees pay will start to reflect the male position which in turn will close the gender pay gap still further.



4.17 There has been an improvement over the last 3 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 |
|---------|--------|----------|-----------------|--------|--------|--------|--------|------------|
| 2021/22 | Male | 4 | 14 | 26 | 32 | 91 | 144 | 1713 |
| | Female | 4 | 18 | 14 | 47 | 98 | 168 | 2367 |
| 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 2022 and its gender pay gap data prior to 30 March 2022.

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



6 Implications

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| Resources: | There are no specific resource implications arising from the contents of this report. |
| Legal and Governance: | <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> |
| Risk: | <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> |
| Equality: | 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. |



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| | 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. |
| Health and Wellbeing: | 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 2022 and 30 March 2022 respectively.

8. Appendices

Pay Policy Statement 2022

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.

