



Telford & Wrekin
C O U N C I L

Addenbrooke House Ironmasters Way Telford TF3 4NT

PERSONNEL COMMITTEE

Date	Thursday, 27 February 2020	Time	9.00 am
Venue	Meeting Room G3/G4 Addenbrooke House, Ironmasters Way, Telford TF3 4NT		

I am now able to enclose, for consideration at the above meeting of the Personnel Committee, the following report that was unavailable when the agenda was printed.

AGENDA No.

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TELFORD & WREKIN COUNCIL

**PERSONNEL COMMITTEE - 27 FEBRUARY 2020
COUNCIL - 5 MARCH 2020**

PUBLICATION OF THE COUNCIL'S PAY POLICY STATEMENT

REPORT OF THE CHIEF EXECUTIVE

1. PURPOSE

- 1.1 To consider and recommend to Council the content of the Council's updated Pay Policy Statement 2020/21, required for publication by the Localism Act 2011.

2. RECOMMENDATIONS

That the Personnel Committee:

- 2.1 **Notes the content of the Council's Pay Policy Statement at Appendix 2 and recommends its acceptance, and subsequent publication on the Council's website on 1 April 2020, to Full Council on 5 March 2020.**
- 2.2 **Agrees the changes to senior pay scales as set out in section 4.4 below with effect from 1 April 2020.**
- 2.3 **Commits to being a Real Living Wage Employer in 2020 as detailed in section 4.5.**
- 2.4 **Delegates authority to the Director: Finance & Human Resources, after consultation with the Leader of the Council, to amend the Statement as necessary in line with any statute or further national guidance that may be issued following the meeting of the Committee or changes to nationally negotiated pay rates during the period of the Policy Statement.**
- 2.5 **Delegates authority to the Chief Executive, after consultation with the Leader of the Council, to vary the grade point for individual posts in exceptional circumstances.**
- 2.6 **Delegates authority to the Chief Executive, after consultation with the Leader of the Council, to make new appointments below the grade range for individual posts in appropriate circumstances.**
- 2.7 **Delegates authority to the Director: Finance & Human Resources to update information on Pay Multiples as data becomes available.**

3. PREVIOUS MINUTES

Personnel Committee: PEB-31 (13 February 2012), PEB-8 (19 February 2013), PEB-4 (10 February 2014), PEB-8 (22 January 2015), PEB-9 (11 February 2016), PEB (2 February 2017), PEB (2 February 2017), PEB (8 February 2018), PEB (31 January 2019)

Full Council: 92(i) (1 March 2012), 77(i) (7 March 2013), 78 (27 February 2014), 59 (i) (m) (5 March 2015) and 80 (i) (3 March 2016), (2 March 2017), (1 March 2018),(28 February 2019)

4. BACKGROUND

4.1 The Localism Act 2011 requires local authorities to produce an annual Pay Policy Statement. The Act requires the Statement to detail the Council's policies in respect of remuneration at various tiers within the Council. The Act does not apply to local authority maintained schools or to Apprentices.

4.2 The purpose of these provisions is to provide transparency with regard to the Council's approach to setting the pay of its employees by determining:

- The methods by which pay is determined.
- The detail and level of remuneration of its most senior staff
- The Committees responsible for ensuring consistent application of the provisions set out in the Statement.

4.3 The Council's Pay Policy Statement details

- pay negotiation bodies
- initial allocation of pay points
- lowest paid employees and the ratio comparison with the highest paid employees
- senior management remuneration
- the recruitment of chief officers
- additions to chief officers' pay
- termination payments
- where accountability and responsibility lies.

4.4 It is proposed that there are changes to the senior pay structure with effect from 1st April 2020. Background and context:

Telford & Wrekin Council last completed a comprehensive review of senior manager grades and pay in 2011. That review resulted in the former Managing Director and the Directors being paid on a single fixed point basis, whilst Assistant Directors were paid on a six point incremental scale.

The recent review of the Council's senior management structure has resulted in changes in roles, responsibilities and job titles in the senior management team to enable the delivery of the Council's plan. It is therefore timely to review the grading structure and remuneration level of senior managers. For this purpose 'senior managers' are defined as the Chief Executive, Executive Directors and Directors.

Competition between local authorities for the recruitment of talented and experienced individuals for senior managers is intense in the current market. Jobs are now frequently advertised as 'salary negotiable' in order to attract the best candidates. This competition between authorities is driving up the pay

levels necessary to attract, recruit and retain the exceptional individuals required for such demanding posts. The Officers' side of the Joint Negotiating Committee for Chief Officers of Local Authorities have also recently reported that, in real terms, senior manager salaries have fallen by 22% since April 2008.

A comparison of current remuneration levels (as at 1st April 2019) for equivalent senior manager roles in the region shows that generally Telford & Wrekin's salaries sit below the regional average and this is shown in appendix one. All Directors in post have reached the top of the their six point salary scale and in order to aid retention and recruitment it is necessary to facilitate the opportunity for the salary scale to be reviewed to allow potential further progression. Such progression being subject to the satisfactory achievement of targets set by the Chief Executive for Executive Directors and targets set by the Chief Executive and Executive Directors for Directors in consultation with the Leader of the council. In summary, in order to reflect market conditions and to attract and retain talented senior managers, it is proposed to amend pay grades with effect from 1 April 2020 as follows:

Chief Executive. The Chief Executive has an annual salary of £155,000 per annum. No additional fees are payable to the Chief Executive for the local returning officer duties. There will be no change to the salary level.

Executive Directors. Executive Directors currently have an annual salary of £116,321 per annum. It is proposed to move to a 4 point scale (£116,321 - £125,000). Current Executive Directors being assimilated to the first point* in the new scale from April 2020.

Executive Director Scale Point	Value
1	£116,321*
2	£119,214
3	£122,107
4	£125,000

Access to incremental points being subject to satisfactory performance review. This will include the satisfactory achievement of targets set by the Chief Executive and in consultation with the Leader. The Chief Executive, after consultation with the Leader of the Council, may vary the grade point for individual posts in exceptional circumstances.

For newly appointed Executive Directors an annual salary below scale point 1 may be offered in appropriate circumstances. Transition to new Executive Director scale will be subject to satisfactory performance.

Directors. Directors are currently appointed on a 6 point scale (£80,347, to £89,097). All current Directors are on the top of the scale, receiving £89,097

per annum. It is proposed to move to a 4 point scale (£89,097 - £98,000). Current Directors being assimilated to the first point* in the new scale from April 2020.

Director Scale Point	Value
1	£89,097*
2	£92,065
3	£95,033
4	£98,000

Access to incremental points being subject to satisfactory performance review. This will include the satisfactory achievement of targets set by the Executive Directors and Chief Executive and in consultation with the Leader.

The Chief Executive, after consultation with the Leader of the Council, may vary the grade point for individual posts in exceptional circumstances. For newly appointed Directors an annual salary below scale point 1 may be offered in the appropriate circumstances. Transition to new Director scale will be subject to satisfactory performance.

- 4.5 The Council is committed to working towards paying the Real Living Wage to all employees to ensure our employees earn a wage that meets the costs of living.

The Real Living Wage for 2019 was £9.00 per hour. All employees, with the exception of those on apprenticeships, currently receive a minimum of £9.00 per hour. The Real Living Wage for 2020 has now been set at £9.30 with a view to this being implemented by employers by 1st May 2020. The NJC pay award for 2020/21 has yet to be agreed.

The Council will be a Real Living Wage Employer for 2020/21 increasing pay rates to meet this commitment from April 2020 ahead of the finalisation of the national pay award.

5. **LEGAL**

- 5.1 The Pay Policy Statement has been drafted in accordance with the requirements 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.

6. FINANCE

- 6.1 The Pay Policy Statement identifies the Council's approach to setting the pay of its employees, including termination costs.

There are financial implications directly relating to the updating of the Pay Policy Statement subject to the achievement of the targets set by Executive Directors and Chief Executive in consultation with the Leader. It is estimated that in 2020/21 there could be a maximum of two months, February and March 2021, of everyone hitting their targets and moving up one increment, this may not be the case but we need to allow a scenario to provide an example on impact. If this was the case, the additional cost would be circa £40k including full allowance for all on-costs and assuming that the three vacant Director posts were recruited at the bottom of the revised grade. Subject to performance targets being met, over a minimum of four years as only one increment can normally be secured (subject to achieving targets) per year, then the total maximum potential cost, including all on costs, would be £148.8k, which is included in the Medium Term Financial Strategy to be considered by full council on 5 March.

The additional cost of meeting the Real Living Wage commitment for 2020 has also been included within the proposed service and financial planning strategy to be considered by full Council on 5 March.

Employee costs form part of the Council's budget, which is approved at full Council each year, and estimates will take into account the principles set out in the Statement. Any variations from the approved budget will be highlighted as part of regular financial management reports/other relevant reports in line with Financial Regulations. Senior Officer Remuneration is published annually in the Council's Statement of Accounts in line with the requirements of the Accounts & Audit Regulations and on the Council's website.

7. ENVIRONMENTAL

There are no environmental issues arising from this report.

8. EQUALITIES

- 8.1 Pay is a major equalities issue and the Pay Statement will assist in identifying issues requiring resolution.

Report prepared by Sue Wilson, Human Resources Manager, Tel: (01952) 383601

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Appendix One - Comparison of Senior Management Salaries.

Telford & Wrekin Council		Shropshire Council		Wolverhampton		Walsall		Dudley		Stoke-on-Trent	
Job Title	Salary	Job Title	Salary	Job Title	Salary	Job Title	Salary	Job Title	Salary	Job Title	Salary
Chief Executive	Spot point Current - £155,000 Proposed- £155,000	Chief Executive	Spot point £153,000	Managing Director	Range to £163,200	Chief Executive	Spot point £182,070	Chief Executive	Spot point £169,983	City Director	Spot point £168,129
Executive Directors	Spot point or range to Current spot point- £116,321 Proposed range to- £125,000	Executive Directors	Range to £132,600	Deputy Managing Director	Range to £141,685	Executive Directors	Range to £137,333	Strategic Directors	Spot point £142,800	Directors	Range to £140,093
	Directors	Range to Current - £89,097 Proposed range to £98,000	Directors	Range to £112,200 Range to £96,900	Directors	Range to £116,744	Assistant Director				

*inclusive of specialist allowances

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TELFORD & WREKIN COUNCIL - Pay Policy Statement – 2020/21

1. Introduction and Purpose

- 1.1 Under section 112 of the Local Government Act 1972, the Council has the “power to appoint officers on such reasonable terms and conditions as the 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.
- 1.2 The purpose of this Statement is to provide transparency about the Council’s approach to setting the pay of its employees (excluding those working in local authority schools and/or employed under the School Teachers’ Pay and Conditions Document and apprentices as they are employed under a Training Contract) 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; and
 - the Committee responsible for ensuring the provisions set out in this statement are applied consistently throughout the Council and recommending any amendments to the full Council.
- 1.3 This policy statement has been updated and is effective from 1st April 2020.

2. Legislative Framework

- 2.1 In determining the pay and remuneration of all of its employees, the Council will comply with all relevant employment legislation. This includes the Employment Rights Act 1996, the Equality Act 2010, the Part Time Employment (Prevention of Less Favourable Treatment) Regulations 2000, the Agency Workers Regulations 2010 and where relevant, the Transfer of Undertakings (Protection of Earnings) Regulations. With regard to the equal pay requirements contained within the Equality Act, the Council is taking steps to ensure 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 the role.

3. Pay Structure

- 3.1 Based on the application of the job evaluation process, the Council uses the Local Government Association nationally negotiated pay spines as the basis for its local grading structure. This determines the salaries of the large majority of the non school-based workforce, together with the use of other nationally-defined rates where relevant.
- 3.2 The Council adheres to national pay bargaining in respect of the national pay spines noted below and any annual cost of living increases negotiated in those pay spines:-

Joint National Council for Chief Executives
Joint National Council for Chief Officers
Joint Negotiating Committee for Youth & Community Workers
National Joint Council for Local Government Services
Soulbury Committee

- 3.3 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.

- 3.4 New appointments will normally be made at the minimum of the relevant grade; this can be varied in exceptional circumstances, having regard to the need for equal pay. From time to time it may be necessary to take account of the external pay market in order to attract and retain employees with particular experience, skills and capacity. Where necessary, the Council will ensure the requirement for such is objectively justified by reference to clear and transparent evidence of relevant market comparators, using appropriate data sources available from within and outside the local government sector.
- 3.5 The Real Living Wage for 2020 has now been set at £9.30 per hour, the NJC pay award for 2020/21 has yet to be agreed. In advance of the national pay award, the Council will be a Real Living Wage Employer starting from April 2020.

4. Senior Management Remuneration

4.1 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 are set out below, with details of their basic salary as at 31st March 2020.

a) Chief Executive

The substantive salary of this post is £155,000 per annum. This is a single 'spot' salary and has no incremental range. The post holder is designated as Head of Paid Service. No supplement is payable for Returning Officer duties for local elections (borough and parish).

b) Executive Directors

The salaries of the posts designated as Executive Directors have four incremental points ranging from £116,321 to £125,000 per annum. Access to incremental points being subject to satisfactory performance review. This will include the satisfactory achievement of targets set by the Chief Executive and in consultation with the Leader.

The Chief Executive, after consultation with the Leader of the Council may vary the grade point for individual Executive Directors in exceptional circumstances. For newly appointed Executive Directors an annual salary below scale point 1 may be offered in appropriate circumstances. Transition to new Executive Director scale will be subject to satisfactory performance.

c) Directors

The salaries of the posts designated as Directors have four incremental points ranging from £89,097 to £98,000 per annum. Access to incremental points being subject to satisfactory performance review. This will include the satisfactory achievement of targets set by the Executive Directors and Chief Executive and in consultation with the Leader.

The Chief Executive, after consultation with the Leader of the Council may vary the grade point for individual Directors in exceptional circumstances. For newly appointed Directors an annual salary below scale point 1 may be offered in the appropriate circumstances. Transition to new Director scale will be subject to satisfactory performance

5. Recruitment of Chief Officers

- 5.1 The Council's policy and procedures with regard to recruitment of chief officers is set out within the Officer Employment Procedure Rules in Part 3 of the Constitution. When recruiting to all posts the Council will take full and proper account of its Equal Opportunities Charter and the Recruitment and Redeployment Policies. 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. Where the Council is unable to recruit to a post at the designated grade, it will consider the use of temporary market forces supplements in accordance with its relevant policies. At this time there are no market forces supplements paid to any chief officers.
- 5.2 Where the Council remains unable to recruit chief officers under a contract of employment, or there is a need for interim support to provide cover for a vacant substantive chief officer post, the Council will, where necessary, consider and utilise engaging individuals under 'contracts for service'. These will be sourced through a relevant procurement process ensuring the Council is able to demonstrate the maximum value for money benefits from competition in securing the relevant service. The Council does not currently have any chief officers engaged under such arrangements.

6. Additions to Salary of Chief Officers

- 6.1 The Council does not apply any bonuses to chief officers.
- 6.2 In addition to the basic salary set out the Council may pay other elements of 'additional pay' which are chargeable to UK Income Tax and do not solely constitute reimbursement of expenses incurred in the fulfillment of duties which could include:
- responsibility allowances/salary supplements for fulfilling statutory officer duties and salary supplements,
 - market forces supplements,
 - additional payments for undertaking other responsibilities.

This list is not exhaustive.

Authority for any 'additional pay' for Executive Directors and Directors is delegated to the Head of Paid Service after consultation with the Leader of the Council. The Council does not currently pay any additional responsibility allowances, salary supplements or market forces supplements to senior management. All mileage is reimbursed at HMRC rates.

7. Payments on Termination

- 7.1 The Council's approach to statutory and discretionary payments on termination of employment of chief officers, prior to reaching normal retirement age, is set out within its policy statement in accordance with Regulations 5 and 6 of the Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations 2006, and Regulation 60 of the Local Government Pension Scheme Regulations 2013.
- 7.2 Any other payments falling outside the provisions or the relevant periods of contractual notice shall, in respect of the Head of Paid Service, Executive Directors and Statutory Officers, be subject to a decision made by the Personnel Committee which has otherwise delegated authority to the Head of Paid Service to approve such payments to other Chief Officers.

7.3 The Council's policy is not to re-employ, for a period of at least 12 months after their employment with Telford & Wrekin Council ends. This relates to anyone who has been made redundant or who has left the Council in the interest of the efficiency of service where a severance payment has been made in accordance with the Council's policy under the Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations 2006 or under Regulation 30 of the Local Government Pension Scheme 2013 or Schedule 2, Paragraphs 2 (2) and 2 (3) of the Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014. The re-engagement of an individual on a consultancy, agency or private service provider basis is also prohibited in circumstances where this arrangement could have reasonably been foreseen at the time the individual left.

7.4 Flexible retirement under Regulation 30 of the Local Government Pension Scheme Regulations 2013 or Regulation 11 (2) of the Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 will, in the majority of cases be permitted only where savings to fund the cost of such release are achieved. However in exceptional circumstances and in order to retain specialist or critical skills, flexible retirement may be approved to support a period of succession planning/training in which case savings may not be realised to fund the release.

8. Publication

8.1 This Pay Policy Statement is published on the Council's Website. In addition, for members of the Council's Senior Management Team and for those who report directly to the Head of Paid Service where the 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 in the current and previous year;
- any bonuses so paid or receivable in the current and previous year (N.B. The Council does not operate a bonus system);
- 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;
- employers pension contribution
- any benefits received that do not fall within the above

8.2 This information will be listed individually by job title where the salary is £50,000 or more. Persons whose salary is £150,000 or more will be identified by name.

8.3 Additional information relating to pay is published in accordance with the MHCLG Local Government Transparency Code 2015 and is available on the Council's website as part of its annual Workforce Information report.

9. Lowest Paid Employees and the Median salary

9.1 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 with the exception of employees who have transferred in to the Council's employment under the Transfer of Undertakings (Protection of Employment) Regulations 2016. As at 24th January 2020, this was £17,364 per annum. The Council employs Apprentices who are not included within the definition of 'lowest paid employees' as they are employed under a Training Contract.

- 9.2 The statutory guidance under the Localism Act 2011 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.
- 9.3 The pay levels within the Council as at 24th January 2020 define the multiple between the lowest paid (full time equivalent) employee and the Head of Paid Service as 1:8.93 and between the lowest paid employee and average Chief Officer as 1:5.49. The Council's pay multiples therefore fall well below Lord Hutton's public sector threshold set out in 9.2 above.
- 9.4 The full-time equivalent median (mid-point) pay level within the Council is £22,021¹. The multiple between the Head of Paid Service and this median point is 1:7.04 and the average Chief Officer is 1:4.33
- 9.5 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.

10. Accountability and Decision Making

- 10.1 In accordance with the Constitution of the Council, the Personnel Committee is responsible for decision-making in relation to the recruitment, pay, terms and conditions and severance arrangements for employees of the Council

¹ Median calculated on data as at 24th Jan 2020

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