Sunderland City Council

Pay Policy Statement 2022-2023

1. Introduction and Purpose

This Pay Policy Statement sets out the Council's approach to pay policy in accordance with the requirements of section 38 of the Localism Act 2011.

The purpose of this 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 the Council's most senior staff, i.e. 'chief officers' as defined by the relevant legislation.
- The remuneration of the lowest paid employees.
- The relationship between the remuneration of its Chief Officers and the remuneration of employees who are not Chief Officers.

This Pay Policy Statement has been approved by the Council and applies to the financial year 2022 – 2023.

The arrangements set out within this document do not extend to those employees who are employed within the control of school governing boards.

2. Other Legislation Relevant to Pay and Remuneration

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, subject to Section 41 of the Localism Act 2011 (requirement for determinations relating to terms and conditions of chief officers to comply with the pay policy statement.)

In determining the pay and remuneration of all of its employees, the Council will comply with all relevant legislation. This includes legislation such as the Equality Act 2010, Part Time Employment (Prevention of Less Favourable Treatment) Regulations 2000 and where relevant, the Transfer of Undertakings (Protection of Earnings) Regulations. There is also significant legislation relating to pensions and payments upon termination of employment.

Sunderland Council is mindful of its obligations under the Equality Act 2010 and is an equal opportunity employer. This Pay Policy Statement forms part of our policies to promote equality in pay practices. By ensuring transparency of senior pay and the relationship with pay of other employees, it will help ensure a fair approach which meets our equality objectives.

The Local Government Transparency Code 2014, published by the Government and which came into force on 31st October 2014 under section 2 of the Local Government, Planning and Land Act 1980, builds on the requirement for local authorities in creating greater transparency through the publication of public data. This includes publishing details of senior employee salaries, including a list of responsibilities, the inclusion of bonus details for all senior employees whose salary exceeds £50,000 and publication of the data on the authority's website. In line with this Code, the pay multiple in this Pay Policy now measures the ratio between the highest paid salary and the median salary of the whole of the authority's workforce.

These related data sets are published annually, including:

- An Organisation chart covering the top three levels of the organisation (including grade, job title, local authority department and team, whether permanent or temporary staff, contact details, salary in £5,000 brackets, consistent with the details published for Senior Salaries, and the maximum salaries for the grade). Senior employee information - Sunderland City Council

- Senior Salaries – Senior employees (remuneration in the previous financial year, and Responsibilities). Senior employee information - Sunderland City Council

- Median Pay Multiple (the ratio between the highest paid taxable earnings for the given year and the median earnings figure of the whole of the council's workforce). The highest paid is £194,474.00 and the median paid is £22,571.00, therefore the ratio is 8.62:1.

Further information on senior pay is also published on the Council's website, alongside the Statement of Accounts. This can be accessed at:
http://www.sunderland.gov.uk and search for Senior Pay, or Website URL:
http://www.sunderland.gov.uk/index.aspx?articleid=4773

3. Pay

Pay Policy

Pay policy is determined by the Council, following consideration of recommendations of the Council's HR Committee which is composed of elected members. This ensures that decisions in relation to workforce pay are taken by those who are directly accountable to local people.

Pay Structure

The Council operates a graded salary structure of incremental salary scales with a range of spinal column points (pay points), using the nationally negotiated pay spines as the basis for its local pay structures, together with some locally determined rates.

The large majority of the Council's workforce are covered by the National Joint Council for Local Government Services (NJC) pay spine (spinal column points 3-43), plus some additional local spinal column points (44-52).

The salary figures in this report are gross salary figures before deductions, such as under salary sacrifice schemes, which are made at the discretion of the employee.

Pay Awards
National and Provincial Agreements for the Council's workforce include the negotiation of collective agreements on pay and conditions, which are reviewed and negotiated annually, through agreements of the relevant national bodies such as the National Employers' Organisation for Local Government Services, on behalf of all local authorities in England and Wales, and the signatory Trade Unions. The annual pay awards, if any, take account of a number of issues, including central government guidance, what can be agreed with the relevant trade unions, the general economic situation, the results of consultation, the affordability position of local authorities, the average rate of pay settlements across the economy, the employee relations climate, etc. While the Council as an Employer is consulted as part of the negotiation process, it does not control the level of any national pay award.

Grading of Posts
The grading of posts is approved by either the HR Committee or under delegated powers by the Executive Director of Corporate Services. During 2016 all posts in the council were subject to a grading review following which the grades of all posts are determined using a job evaluation approach called job family modelling.

Appointment to New and Existing Posts
Appointments are made in accordance with the Council's policies and procedures on recruitment and selection. For posts graded on incremental scales, appointments are normally made at the minimum of the salary grade, with employees progressing to the maximum point of the salary range via annual incremental progression where applicable, subject to relevant criteria being met. While provision exists to appoint above the minimum of the grade, this is applied in exceptional circumstances only. The equality impact of the decision is a key issue. In cases where the criteria to appoint above the minimum of the grade is met, records are maintained for use in assessing recruitment and retention trends and for monitoring purposes.

Market Pay Supplements
From time to time, it may be necessary to take account of the external pay levels in the labour market in order to attract and retain employees with particular experience, skills and capability. 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 data sources available from within the relevant sector. These are uplifted annually in line with any relevant pay award.

4. Senior Management Pay

Definition of Senior Management

For the purposes of this statement, senior management means 'chief officers' as defined within the Localism Act.

Specifically:

> "2 (a) The head of its paid service designated under section 4(1) of the Local Government and Housing Act 1989;
> (b) its monitoring officer designated under section 5(1) of that Act;
> (c) a statutory chief officer mentioned in section 2(6) of that Act;
> (d) a non-statutory chief officer mentioned in section 2(7) of that Act;
> (e) a deputy chief officer mentioned in section 2(8) of that Act."

Key Principles

The Chief Officer pay structure is designed to be easily understood and be transparent to the post holders, key stakeholders and the public.

The structure and level of the pay arrangements is designed to enable the Council to attract, motivate, and retain key senior staff for the authority within a national recruitment context, to lead the Council's workforce and delivery of the Council's plans and priorities.

The pay structure is based upon salaries with clear differentials between levels of work/job size, within a range that is affordable now, will remain so for the medium term, and will be subject to review to ensure it continues to remain fit for purpose. The remuneration for roles at this level has been set following independent advice from external consultants. In setting the relevant pay levels a range of background factors were taken into consideration for senior pay alongside the significant scope and scale of the Authority in the national context.

For example, the scope and scale of the Chief Executive's post encompasses responsibilities commensurate with a large city authority, including responsibility for:

- The provision of wide-ranging services to a population of 277,846 (Source: Office for National Statistics 2020 Mid-Year Estimate)

- An overall budget of £705.7m for service commissioning and delivery.

- Undertaking the role of the Head of Paid Service to 4364 employees. (* Figures include maintained schools. This data is accurate at 1st January 2022 but changes on a week by week basis).
- Lead Policy Advisor to the Council's 75 Elected Members

From time to time, it may be necessary to pay supplements to individual employees as part of their employment contract where specific circumstances require this, such as market pay supplements.

Other terms and conditions of employment for this group are as defined within the Joint Negotiating Committee for Chief Executives, and the Joint Negotiating Committee for Chief Officers, of Local Authorities Conditions of Service handbooks, with discretion to set actual pay levels at a local level, but within a national negotiating framework and nationally agreed pay awards. These national provisions are supplemented by the Council's local employment policies. Like all council employees, holders of these posts are eligible to join the nationally defined Local Government Pension Scheme.

The individual elements of the remuneration package are:

a) Chief Executive
The current salary of the post is £194,474.

b) Executive Directors
The current salary of these posts falls within a range called Leadership 3 of £109,883 rising to a maximum of £130,408. The post of Executive Director of Public Health & Integrated Commissioning salary is £130,408. The following posts are paid an additional market supplement to give a spot salary of £142,289 for the current posts: Executive Director of Neighbourhoods; Executive Director of Corporate Services (section 151 Officer); Executive Director of Children's Services (Chief Executive of Together for Children), and £153,086 for the Executive Director of City Development.

c) The designated Monitoring Officer, which is the Assistant Director of Law and Governance, is paid within a range called Leadership 5 of £85,649 - £96,871.

d) Assistant Directors/ Directors and other officers reporting directly to one of the statutory or non-statutory chief officers listed in (b) and (c) above.
The current salaries of these posts fall within four different ranges: Leadership 4 (£96,871 - £109,883), Leadership 5 (£85,649 - £96,871); Leadership 6 (£73,510 - £85,649); Leadership 7 (£61,751 - £73,510). For certain posts, a market supplement is paid, in line with the principles above.

Election Fees
The designated Returning Officer for the Council, who is currently the Chief Executive, also carries out the role of Acting Returning Officer at UK parliamentary elections and local returning/counting officer at European elections and at other referenda or electoral processes that occur from time to time. These additional roles usually carry an entitlement to payment from central government budgets at levels set by order in relation to each poll. The payment scales for national elections are set out in a Statutory Instrument laid before Parliament in respect of each individual election and are applied to both national and local elections. The Statutory Instruments are published on www.legislation.gov.uk

5. Lowest Paid Employee Information

The definition of the lowest paid employees are those employed in jobs which are paid at Grade 1, spinal column point 3, (£18,887 per annum for a full time 37 hour week post as at 31st March 2022), this being the lowest salary paid to employees, other than apprentices, in line with the Council's decision to comply with the recommended minimum hourly rate of the Living Wage Foundation.

The salaries attributable to apprentices depend on age, with a locally determined higher minimum pay rate on commencement, using national minimum wage rates as set out within the National Minimum Wage legislation. (Given the specific nature of these appointments, the Council does not include apprentices within the definition of lowest paid employees for the purposes of this policy statement).

6. Pay Multiple

One way of measuring pay relationships is to use a pay multiple. The Median Pay Multiple (the ratio between the highest paid taxable earnings for the given year and the median earnings figure of the whole of the Council's workforce) is 8.62:1.

(The highest pay is £194,474 and the median pay is £22,571).

7. Pension Schemes

There are three pension schemes covering the Council's employees.

The majority of employees are entitled to join the Local Government Pension Scheme and receive benefits in accordance with the provisions of that Scheme as applied by the Council.

Centrally employed Teachers are entitled to join the Teachers' Pension Scheme and receive benefits in accordance with the provisions of that Scheme.

Public Health employees are members of the NHS Pension Scheme and continue to receive benefits in accordance with the provisions of that Scheme.

8. Payments on Termination of Employment

The Council's approach to discretionary payments on termination of employment or ceasing to hold office is set out within the Council's policy statement on discretions in accordance with the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006.

There are also occasions when settlement agreements may need to be put in place to resolve employment matters and to protect the Council's interests, in line with value for money criteria, and the efficient exercise of the Council's functions. Decisions on such matters are delegated to the Assistant Director of Law and Governance under the Council's Constitution, and are taken, where appropriate, in consultation with the Head of Paid Service and Section 151 Officer.