

DRAFT FOR APPROVAL

Sunderland City Council

Pay Policy Statement 2017-18

Summary of Contents

1. Introduction
 - 1.1 Aims and Purpose
 - 1.2 Not in scope
 - 1.3 Other legislation relating to pay and remuneration.
 - 1.4 Context
2. Pay Structure & general principles regarding remuneration of all staff
 - 2.1 Pay Structure
 - 2.2 Pay Awards
 - 2.3 Grading of posts
 - 2.4 Appointment to new and existing posts
 - 2.5 Market Pay
 - 2.6 Temporary Pay Supplements.
3. Senior Management Information
 - 3.1 Definition
 - 3.2 Key Principles
 - 3.3 Individual elements of the remuneration package
4. Lowest paid Employee Information
 - 4.1 Definition
5. Pay relationship between Chief Officers, lowest paid employees and the wider workforce
 - 5.1 Pay ratio - Pay multiple
 - 5.2 Pension Contributions
 - 5.3 Pay policy decisions for the wider workforce
6. The Approach towards Payment for those Officers Ceasing to Hold Office Under or be Employed by the Authority

1. Introduction and Purpose

1.1 Aims and Purpose

This document sets out the Council's pay policy for 2017-18 aimed at supporting the remuneration of the workforce in a fair and transparent way. This Pay Policy Statement has been produced having regard to Government Guidance issued under section 38 of the Localism Act 2011. The policy is subject to annual review and must be approved by full Council for each financial year from 2012-13 onwards. It will be published on the Council's website as soon as reasonably practicable after approval or amendment.

It sets out:

- 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.

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 organization (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). Link to - [Organisation Chart](#)
- Senior Salaries – Senior employees (remuneration in the previous financial year, and Responsibilities). Link to - [Senior Salaries](#)
- 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). Link to - [Pay Multiple](#)

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>

1.2 Not in Scope

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

1.3 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 employment 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 City Council is an equal opportunity employer. The overall aim of our Single Equality Scheme is to ensure that people are treated fairly and with respect. The scheme also contains a specific objective to be a diverse organisation which includes recruiting and retaining a diverse workforce and promoting equality and diversity through working practices. This pay policy 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.

1.4 Context

In setting the pay policy arrangements for the workforce the Council seeks to pay appropriate salaries within the constraints of a public sector organisation.

The pay policy is simply one aspect of the Council's whole approach to managing its human resources within the context of the Council's objectives and values.

2. **Pay Structure and general principles regarding the remuneration of all staff**

2.1 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 (non-teaching) workforce are covered by the National Joint Council for Local Government Services (NJC) pay spine (spinal column points 13-49), plus some additional local spinal column points (50-58). Other appropriate nationally agreed spines apply to smaller defined groups of employees, such as employees covered by the Soulbury Committee Agreement, and the Joint National Council for Chief Officers (JNC).

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

2.2 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.

2.3 Grading of posts

The grading of posts is approved by either the Council, following the consideration of recommendations from the Council's HR Committee or under delegated powers by the Head of HR & OD. 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.

2.4 Appointment to new and existing posts

Appointments are made in accordance with the Council's Code of Practice 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, and it is imperative that anomalies are not created as a result of such decisions. In cases where the criteria to appoint above the minimum of the grade is met, comprehensive records need to be maintained and monitored on an on-going basis, for use in assessing recruitment and retention trends and for monitoring purposes.

2.5 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 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 data sources available from within the local government sector and outside, as appropriate.

2.6 Temporary pay supplements

Where employees temporarily undertake either the full range of duties of a higher graded post or a proportion of the duties of that post, a commensurate salary may be paid.

3. Senior Management Information

3.1 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."

3.2 Key Principles

- i) The Chief Officer pay policy 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 talent for the authority.
- ii) The policy 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. It is intended that the authority will market test the rates of pay when vacancies arise, as part of consideration on whether or not roles continue to be required within the context of the Council's priorities and commitments at that time.

- iii) These posts do not attract performance related pay, bonuses or any other additions to basic salary. This approach enables the Council to assess and budget accurately in advance for the total senior pay bill over a number of years.
- iv) In setting the pay policy for senior staff, a market position has been established that aims to attract and retain the best talent available at a senior level within a national recruitment context, to lead and motivate the Council's workforce that is rewarded under a nationally agreed negotiating framework.
- v) The remuneration for roles at this level has been set following independent advice from external consultants, Robertson HR Consulting.
- vi) Other terms and conditions of employment for this group are as defined within the Joint Negotiating Committee for Chief Officers of Local Authorities Conditions of Service handbook, with discretion to set actual pay levels at a local level, but within a national negotiating framework. 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.

3.3 Individual elements of the remuneration package:

a) Chief Executive

The current salary of the post is £177,456.

b) Executive Directors

The current salary of these posts fall within a range called Leadership 3 of £100,267, rising to a maximum of £118,996 plus a market supplement to give a spot salary of £130,000. The current posts are: Executive Director of People Services; Executive Director of Economy and Place (currently vacant), Interim Executive Director of Corporate Services (section 151 Officer), Executive Director of Children's Services (Chief Executive of Together for Children).

c) Corporate Directors and Chief Operating Officers

The current salary of these posts fall within a range called Leadership 4 of £88,393 - £100,267. The current posts are Director

of Strategy, Partnerships and Transformation and Chief Operating Officer (PLACE), Director of Children's Social Care (Together for Children), Director of Performance and Quality Assurance (Together for Children), Director of Education (Together for Children) and Director of Early Help (Together for Children).

- d) The designated Monitoring Officer, which is the Head of Law and Governance, is paid within a range of £79,154 - £88,393.
- e) Heads of Service and other officers reporting directly to one of the statutory or non-statutory chief officers listed in (b), (c) and (d) above. The current salaries of these posts fall within three different ranges: Leadership 5 (£78,154 - £88,393); Leadership 6 (£67,077 - £78,154); Leadership 7 (£56,347 - £67,077).

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

4. Lowest Paid Employee Information

4.1 Definition of Lowest paid employees

Those staff who are employed in jobs which are paid at Grade 1, spinal column point 13 (£16,191 per annum for a full time 37 hour week), 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 and are those 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.

5. The relationship between the highest and lowest paid employees

5.1 Pay Multiples

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 277,000 residents of Sunderland.
- An overall budget of £665.4 million for service commissioning and delivery.
- Undertaking the role of the Head of Paid Service to 5,952 employees. (* Figures include maintained schools. This data is accurate at 1st February 2017 but changes on a week by week basis).
- Lead Policy Advisor to the Council's 75 Elected Members.

One way of measuring pay relationships is to use a pay multiple. The ratio between the pay of the Chief Executive in Sunderland City Council and the lowest paid workers is 10.96:1. This meets the Government expectation that the pay multiple relationship should be below 20:1 in local government.

5.2 Pension Contributions

During 2016-17 the employer will contribute 15.9% of pensionable pay to the pension fund for all employees in the Local Government Pension Scheme. Employees also pay a contribution of between 5.5% and 12.5%. These figures are all determined by the Scheme, not the council.

5.3 Pay Policy Decisions for the Wider Workforce

These are 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.

6. **The approach towards payment of those officers ceasing to hold office under or be employed by the Authority**

Policies regarding payments to Chief Officers upon termination of their employment are determined by the Council's HR Committee. Decisions are made in line with the Council's policies which apply to all employees.