



# **Pay Policy Statement**

## **2018/19**

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### 1.0 Introduction and Purpose

This Pay Policy Statement sets out the Council's approach to pay policy in accordance with the requirements of Section 38 to 43 of the Localism Act 2011 and takes account of the final guidance for 'Openness and Accountability in Local Pay' as issued by the Department for Communities and Local Government. The purpose of the statement is to provide transparency with regard to the Council's approach to setting the pay of its employees (excluding those working in local authority schools) by identifying;

- The methods by which, salaries of all employees are determined.
- The detail and level of remuneration of its most senior employee's i.e. 'chief officers', as defined by the relevant legislation.
- The detail and level of remuneration of the lowest paid employees
- The relationship between the remuneration for highest and lowest paid employees
- The Committee(s)/Panel responsible for ensuring the provisions set out in this statement are applied consistently throughout the Council and recommending any amendments to the full Council.

Once approved by the Full Council Meeting, this policy statement will come into immediate effect for the 2018/19 financial year and will be subject to review again for 2019/20 in accordance with the relevant legislation prevailing at that time. If the pay policy needs to be amended during the current financial year, any amendments will be subject to approval.

### 2.0 Legislative Framework

In determining the pay and remuneration of all of its employees, the Council will comply with all relevant employment legislation. This includes; the Equality Act 2010, Part Time Employment (Prevention of Less Favourable Treatment) Regulations 2000, Fixed Term Employees (Prevention of Less Favourable Treatment) Regulations 2002, The Agency Workers Regulations 2010 and where relevant, the Transfer of Undertakings (Protection of Earnings) Regulations.

The Council pays due regard to the Equal Pay requirements contained within the Equality Act, the Council ensures there is no pay discrimination within its pay structures and that all pay differentials can be objectively justified through the use of an equality proofed job evaluation scheme that directly relates an employee's salary to the requirements, demands and responsibilities of the role.

### **3.0 Senior Management Remuneration Policy**

For the purposes of this statement, senior officer means 'chief officers' as defined within S43 of the Localism Act 2011. The Chief Executive is employed under the terms and conditions of the Joint National Council for Chief Executives and all other senior officers are under the terms and conditions for Joint National Council for Chief Officers.

The Council currently determines pay levels through a job evaluation process and grading structure that has been specifically designed for senior positions that determines the pay range for senior officers as defined by the Localism Act 2011.

There is a temporary freeze on performance related progression for the financial years 2018/19, 2019/20 and 2020/21 as part of budget savings. For this period where an employee is not at the top of their pay range their salary will be reviewed annually and may be increased from time to time at the discretion of the Council. There is no obligation during this period to award a performance related pay increase.

See Annex 1 for the current senior officer pay structure.

Those employees working in senior positions do not receive overtime payments and 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.

In particular, it is the Council's policy that no Chief Officer or Senior Officer (paid under JNC conditions of service for Senior Officers) is paid a supplement for Returning Officer duties, whether in respect of local elections or national elections (e.g. General Elections, elections for European Parliament, national referenda etc.). Fees paid in respect of these elections by Government are used to supplement the pay of non-senior officer employees who have worked on the relevant election.

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### 3.1 Senior Management Positions

#### Chief Officers

The posts falling within the statutory definition for Chief Officers of the Local Government and Housing Act 1989, which covers the statutory officers and those others that report to the Chief Executive, are set out below:

- a) Chief Executive - The head of paid service defined under section 4(1) of that Act

The salary for the above post falls within a range from £173,995 rising to a maximum of £213,143. There is no additional supplement paid for returning officer duties incorporated into this role.

- b) Corporate Director – Finance and Governance & Section 151 Officer - A statutory chief officer defined under section 2(6) of that Act.

The salary for the above post falls within a range between £130,090, rising to a maximum of £159,360.

- c) City Solicitor & Monitoring Officer – A statutory chief officer defined under section 5(1) of that Act.

The salary for the above post falls within a range between £97,263 rising to a maximum of £119,148.

- d) Corporate Director - Adult Social Care and Health – A statutory officer defined under section 2(6) of that Act.

The salary for the above post falls within a range between £130,090, rising to a maximum of £159,360.

- e) Corporate Director – Children and Young People - A statutory officer defined under section 2(6) of that Act.

The salary for the above post falls within a range between £130,090, rising to a maximum of £159,360.

- f) Chief Executive – Children’s Trust - A non-statutory officer defined under section 2(7) of that Act.

The salary for the above post falls within a range between £130,090, rising to a maximum of £159,360.

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- g) Corporate Director - Place - A non-statutory chief officer defined under section 2(7) of that Act.

The salary of the above post falls within a range between £130,090, rising to a maximum of £159,360.

- h) Chief Operating Officer – Strategic Services – A non-statutory chief officer defined under section 2(7) of that Act.

The salary of the above post falls within a range between £130,090, rising to a maximum of £159,360.

- i) Corporate Director - Economy - A non-statutory chief officer defined under section 2(7) of that Act.

The salary of the above post falls within a range between £130,090, rising to a maximum of £159,360.

- j) Assistant Chief Executive Policy & Partnerships– A non-statutory chief officer defined under section 2(7) of that Act.

The salary for the above post falls within a range between £97,263 rising to a maximum of £119,148.

- k) Director of Public Health – A statutory post under section 73A (7) of the NHS Act 2006

The salary for the above post falls within a range between £97,263 rising to a maximum of £119,148. There are also two statutory payments made in relation to this role.

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### Deputy Chief Officers

The positions in the table below are deputy chief officers as mentioned in section 2(8) of that Act, i.e. officers that report directly to any of the chief officers above:

Position Title	Directorate	Salary Range
Service Director - Strategic Commissioning	Adults Social Care and Health	£97,263 - £119,148
Assistant Director - Operational Services	Adults Social Care and Health	£72,720 - £89,082
Assistant Director - Community Services	Adults Social Care and Health	£72,720 - £89,082
Assistant Director - Consultant in Public Health*	Adults Social Care and Health	£72,720 - £89,082
Executive Director - Children's Services	Birmingham Children's Trust	£97,263 - £119,148
Director - Resources	Birmingham Children's Trust	£97,263 - £119,148
Assistant Director - Children with Complex Needs	Childrens and Young People	£72,720 - £89,082
Assistant Director - Access to Education	Childrens and Young People	£72,720 - £89,082
Assistant Director - Education Pathways and Participation	Childrens and Young People	£72,720 - £89,082
Assistant Director - Child Protection, Performance and Partnerships	Childrens and Young People	£72,720 - £89,082
Assistant Director - Education Safeguarding	Childrens and Young People	£72,720 - £89,082
Assistant Director - Social Care and Early Years	Childrens and Young People	£72,720 - £89,082
Assistant Director - Education Strategy	Childrens and Young People	£72,720 - £89,082
Assistant Director - Planning & Regeneration	Economy	£72,720 - £89,082
Assistant Director - Development	Economy	£72,720 - £89,082
Director - GBSLEP	Economy	£72,720 - £89,082
Assistant Director - Property Services	Economy	£72,720 - £89,082
Assistant Director - Employment and Skills Service	Economy	£72,720 - £89,082
Assistant Director - Highways and Infrastructure	Economy	£72,720 - £89,082
Assistant Director - Housing Development	Economy	£72,720 - £89,082
Assistant Director - Transport Connectivity	Economy	£72,720 - £89,082
Assistant Director - Corporate Finance	Finance and Governance	£72,720 - £89,082
Assistant Director - Service Finance	Finance and Governance	£72,720 - £89,082
Assistant Director - Development and Commercial	Finance and Governance	£72,720 - £89,082
Assistant Director - Internal Audit	Finance and Governance	£72,720 - £89,082
Assistant City Solicitor	Finance and Governance	£72,720 - £89,082
Head of Service **	Finance and Governance	£53,974 - £70,053
Service Director - Housing Transformation	Place	£97,263 - £119,148
Service Director - Sports and Events	Place	£97,263 - £119,148
Service Director - Regulation & Enforcement	Place	£97,263 - £119,148
Service Director - Waste Management	Place	£72,720 - £89,082
Assistant Director - Finance	Place	£72,720 - £89,082
Assistant Director - Neighbourhoods and Communities	Place	£72,720 - £89,082
Service Director - Customer Services	Strategic Services	£97,263 - £119,148
Service Director - Human Resources	Strategic Services	£97,263 - £119,148
Service Director - Commissioning and Procurement	Strategic Services	£97,263 - £119,148
Assistant Director - Customer Services	Strategic Services	£72,720 - £89,082
Assistant Director - Revenue and Benefits	Strategic Services	£72,720 - £89,082
Assistant Director - ICT, Digital and CIO	Strategic Services	£72,720 - £89,083
Assistant Director - Business Improvement	Strategic Services	£72,720 - £89,082
Assistant Director - Corporate Strategy ***	Strategic Services	£72,720 - £89,082
Assistant Director - Communications	Strategic Services	£72,720 - £89,082

\* There are two posts that carry out this role

\*\* There are seven posts that carry out this role

\*\*\* Currently seconded outside BCC

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Although not required by statute for the policy statement the following are other senior officer positions within Birmingham City Council.

Position Title	Directorate	Salary Range
Assistant Director - Strategic Commissioning	Adults Social Care and Health	£72,720 - £89,082
Assistant Director - Early Help	Birmingham Childrens Trust	£72,720 - £89,082
Assistant Director - Childrens Services South	Birmingham Childrens Trust	£72,720 - £89,082
Assistant Director - Childrens Services NWC	Birmingham Childrens Trust	£72,720 - £89,082
Assistant Director - Childrens Services East and MASH	Birmingham Childrens Trust	£72,720 - £89,082
Assistant Director - Children in Care	Birmingham Childrens Trust	£72,720 - £89,082
Director - Operational	Birmingham Childrens Trust	£72,720 - £89,082
Assistant Director - Waste Management	Place	£72,720 - £89,082
Assistant Director - Human Resources	Strategic Services	£72,720 - £89,082
Assistant Director - Organisational Development	Strategic Services	£72,720 - £89,083

The senior officer positions will continue to be reviewed on a regular basis as part of the overall savings that have to be made by the Council due to the savings targets faced by local authorities in general over the next few years.

### 3.2 Recruitment to Senior Management Positions

When recruiting to all posts the Council will take full and proper account of its own equal opportunities, recruitment and redeployment policies. Appointments made to chief officer (CO) and deputy chief officer (DCO) positions are all made by the JNC Chief Officer and Deputy Chief Officer Appointments, Dismissals and Service Conditions Sub-committee. Other appointments are made by the Chief Executive or relevant delegated officer.

The determination of the remuneration to be offered to any newly appointed chief officer will be in accordance with the local JNC pay spine (further details can be found in Annex 1) and relevant policies in place at the time of recruitment. Where the Council is unable to recruit or retain at the designated grade, it will consider the use of temporary market forces and retention supplements in accordance with its relevant policies.

Where the Council remains unable to recruit under an employment contract, or there is a need for interim support to provide cover for a vacant substantive senior management position, the Council will, where necessary, consider and utilise engaging individuals under 'contracts for service'. These will be sourced through the relevant procurement process ensuring the Council is able to demonstrate the maximum value for money benefits from competition in securing the relevant service.



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### 3.3 Additions to Salary of Senior Officers

The Council does not apply any bonus to the salary of senior officers, however progression within the salary scales is performance related as mentioned under 3.0. There is no element of earn back for senior manager's salaries and any pay progression is currently consolidated into basic pay. As part of the consultation exercise undertaken in 2017, access to performance related incremental progression within the grades will temporarily cease until April 2021 as part of budget savings as mentioned under section 3.0.

In addition to basic salary, set out below are details of other elements of 'additional pay' which are chargeable to UK Income Tax and do not solely constitute reimbursement of expenses incurred in the fulfilment of duties;

The following are applicable to all senior manager positions

- A mileage allowance is paid to all employees using their own vehicle for work purposes and the payments are in linked to the approved HMRC rates (For current HMRC mileage rates please see <http://www.hmrc.gov.uk/paye/exb/a-z/m/mileage-expenses.htm>)
- There are currently no salary supplements or additional payments for undertaking additional responsibilities such as shared service provision with another local authority or in respect of joint bodies.
- Market forces supplements/recruitment allowances are paid where it is justified in order to recruit and fulfill a role or to retain an officer within a role.

### 3.4 Payments on Termination

The Council's approach to statutory and discretionary payments on termination of employment of senior managers, prior to reaching normal retirement age, is set out in accordance with Regulations 5 and 6 of the Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations 2006, Regulations 12 and 13 of the Local Government Pension Scheme (Benefits, Membership and Contribution) Regulations 2007.

The power to increase statutory redundancy payments will be exercised to the extent permissible under the 2006 Regulations so that the amount which could be paid would be no more than the difference between the redundancy payment to which the employee is entitled by statute and the payment to which he would have been entitled if there had been no limit on the amount of a week's pay used in the calculation of his redundancy payment. Where the power to make discretionary compensation in relation to additional periods of membership under the Pension Regulations is exercised the amount of compensation shall not exceed 104 weeks' pay. If the employee receives a redundancy payment the equivalent amount shall be deducted from the discretionary compensation otherwise payable.

Any other payments falling outside the provisions or the relevant periods of contractual notice shall be subject to a formal decision made by the full Council or the relevant elected

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members, committee or panel of elected members or officer with delegated authority to approve such payments, dependent on the post.

### **3.5 Comparators Influencing Pay Levels**

For the purpose of context in the local government sector, Birmingham City Council is not only the largest local authority in the UK, but also the largest unitary authority in Europe serving over one million residents and has a revenue budget of c £3bn.

The Council needs to maintain competitive pay levels in order to attract suitable candidates for more senior positions that can demonstrate sufficient skills, experience and capacity required at this level as would be evidenced for example by fulfilling a comparable role in a large complex local authority.

There is a very small pool from which to recruit with other authorities offering very competitive salaries considering their size. As a comparison the Core Cities group of councils that represents those of the largest eight economies outside London in England, chief executive remuneration ranges from £160,000 to over £200,000. For Liverpool and Manchester that serve a population of less than half of that of Birmingham, both the top salaries are closer to £200,000.

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.

### **4.0 Non Senior Officer Employees**

Based on the application of an analytical job evaluation process, the Council uses the nationally negotiated pay spine as the basis for its local grading structure with additional spine points. There will then be a temporary freeze on performance related progression for the financial years 2018/19, 2019/20 and 2020/21 as part of budget savings. For this period where an employee is not at the top of their pay range their salary will be reviewed annually and may be increased from time to time at the discretion of the Council. There is no obligation during this period to award a performance related pay increase. The Council presently adheres to national pay bargaining in respect of the national pay spine with the most recent increase effective 1<sup>st</sup> April 2017.

#### **4.1 Recruitment**

New appointments will normally be made at the minimum of the relevant grade, although this can be varied where necessary to secure the best candidate. 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

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relevant market comparators, using appropriate data sources available from within and outside the local government sector.

### 4.2 Lowest Paid Employees

The lowest paid employee's under a contract of employment with the Council are employed on full time equivalent (FTE) salary in accordance with the minimum spinal column point (SCP) currently in use within the Council's grading structure. There is currently no agreement on the pay settlement for April 2018 so the salary value for the minimum SCP still remains at £15,014 per annum (SCP6). See Annex 2 for the BCC NJC Pay Structure.

The Council has chosen to pay a supplement to ensure the minimum FTE salary is £16,082 based on the 'Foundation Living Wage' equivalent of £8.45 per hour. Following the recent review of the UK living wage this has risen to £8.75 per hour which is an equivalent of £16,653 FTE salary and the implementation of which will be subject to cabinet approval with effect from 01 April 2018. For the purpose of this pay policy statement the lowest paid employee's will be defined as those on a FTE salary of £16,653 based on the Foundation Living Wage hourly rate of £8.75 per hour. This supplement paid for the 'Foundation Living Wage' should not be confused with the 'National Living Wage'.

The statutory guidance under the Localism Act 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. The report concluded that the relationship to median earnings was a more relevant measure and the Government's Code of Recommended Practice on Data Transparency recommends the publication of the ratio between highest paid salary and the median average salary of the whole of the authority's workforce. Whilst the ratio between the highest and lowest paid employees within the Council does not exceed 20 times, the Council does not set a ratio ceiling within its pay policy for senior officers.

The following tables illustrate various pay differentials between the salary of the Chief Executive and the lowest paid full time equivalent employee, median employee pay and average employee pay

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<b>Pay Differential between Chief Executive and lowest paid full time equivalent employees</b>	CEX salary	186168
	Lowest FTE salary	16653
	Pay Multiple	<b>11.1:1</b>

<b>Pay Differential between Chief Executive and the median pay for full time equivalent employees</b>	CEX salary	186168
	Median salary	22658
	Pay Multiple	<b>8.21:1</b>

<b>Pay Differential between Chief Executive and the average pay for full time equivalent employees</b>	CEX salary	186168
	Average salary	25748
	Pay Multiple	<b>7.23:1</b>

The following tables illustrate the various pay differentials between Chief Officers (excluding the Chief Executive) and the lowest paid full time equivalent employee, median employee pay and average employee pay.

<b>Pay Differential between the average of Chief Officers pay and the lowest paid full time equivalent employee</b>	Average Chief Officer salary	93421
	Lowest FTE salary	16653
	Pay Multiple	<b>5.60:1</b>

<b>Pay Differential between the average of Chief Officers pay and the average pay for a full time equivalent employee</b>	Average Chief Officer salary	93421
	Average salary	25748
	Pay Multiple	<b>3.62:1</b>

<b>Pay Differential between the median of Chief Officers pay and the median pay for a full time equivalent employee</b>	Median Chief Officer salary	88963
	Median salary	22658
	Pay Multiple	<b>3.92:1</b>

### 4.3 Accountability and Decision Making

In accordance with the Constitution of the Council, the JNC Chief Officer and Deputy Chief Officer Appointments, Dismissals and Service Conditions Sub-committee are responsible for decision making in relation to the recruitment, pay, terms and conditions and severance arrangements in relation to employees of the Council.

## 5 Publication

Upon approval by the full Council, this statement will be published on the Council's Website [www.birmingham.gov.uk/cosd](http://www.birmingham.gov.uk/cosd) and will also be available in additional formats by request. In addition, for employees where the full time equivalent salary is £50,000 or more, excluding employer superannuation contributions, the Council's Annual Statement of Accounts will include the number of employees in bands of £5,000.

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**Annex 1 Birmingham City Council - Senior Pay Spine**

Role	Grade Band	Min £	Max £
Chief Executive	B04	173,995	213,143
Corporate Director	B03	130,090	159,360
Service Director	B02	97,263	119,148
Assistant Director	B01	72,720	89,082

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## Annex 2 Birmingham City Council – NJC Pay Spine

The Birmingham City Council pay spine is based on nationally negotiated rates through the National Joint Council. These rates became effective from April 2017.

BCC Grade	Spinal Column Point	FTE Salary
GR1	006*	15014
	007*	15115
	008*	15246
	009*	15375
	10*	15613
GR2	11*	15807
	12*	16144
	13*	16512
	14	16781
	15	17072
	16	17419
	17	17772
	18	18070
GR3	19	18746
	20	19430
	21	20138
	22	20661
	23	21268
	24	21962
	25	22658
	26	23398
	27	24174
	28	24964
GR4	29	25951
	30	26822
	31	27668
	32	28485
	33	29323
	34	30153
	35	30785
	36	31601
	37	32486

BCC Grade	Spinal Column Point	FTE Salary
GR5	38	33437
	39	34538
	40	35444
	41	36379
	42	37306
	43	38237
	44	39177
	45	40057
GR6	46	41025
	47	41967
	48	42899
	49	43821
	50	45234
	51	46658
	52	48079
	53	49513
	54	50929
	55	52455
GR7	56	53974
	57	55513
	58	57310
	59	59178
	60	61111
	61	63110
	62	65185
	63	67328
	64	70053

\* Indicates the payment of a living wage enhancement that would equate to an FTE salary of £16,653 with effect from 01 April 2018.