

# Pay Policy Statement 2019/20



# Contents

- 1.0 Introduction and Purpose**
- 2.0 Legislative Framework**
- 3.0 Senior Management Remuneration policy**
  - 3.1 Senior Management Positions**
  - 3.2 Recruitment to Senior Management Positions**
  - 3.3 Additions to Salary of Chief/Deputy Chief Officers**
  - 3.4 Payments on Termination**
  - 3.5 Comparators Influencing Pay Levels**
- 4.0 Non-Chief/Deputy Chief Officer Employees**
  - 4.1 Recruitment**
  - 4.2 Lowest Paid Employees**
  - 4.3 Accountability and Decision Making**
- 5.0 Publication**

**Annex 1 - Birmingham City Council – Senior Pay Spine (Chief/Deputy Chief Officer)**

**Annex 2 - Birmingham City Council – NJC Pay Spine\*\***

## **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 2019/20 financial year and will be subject to review again for 2020/21 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 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 senior officer pay structure effective as at 1<sup>st</sup> April 2019.

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 Deputy Chief Officer (subject to JNC conditions of service for Chief 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.

### **3.1 Senior Management Positions Chief/Deputy Officers**

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. See Annex 1 for full details.

### **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 or Deputy Chief Officer will be in accordance with the local JNC (Senior) 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.

### **3.3 Additions to Salary of Chief Officers/Deputy Chief Officers**

The Council does not apply any bonus to the salary of Chief Officers/Deputy Chief 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 members, committee or panel of elected members or officer with delegated authority to approve such payments, dependent on the post.

### **4.0 Non Chief/Deputy Chief 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 be a temporary freeze on performance related progression for three years, which commenced 2018/19 and will run through 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 2019.

## 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 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. The minimum SCP for 2019 is £17,634 (SCP1). See Annex 2 for the BCC NJC Pay Structure, for which, discussions are ongoing with Trade Unions.

The Council has chosen to pay the 'Foundation Living Wage' equivalent of £8.75 per hour. Following the recent review of the UK living wage this has risen to £9 per hour and the implementation of which will be subject to cabinet approval with effect from 01 April 2019. For the purpose of this pay policy statement the lowest paid employee's will be defined as those on a FTE salary of £17,128 based on the Foundation Living Wage hourly rate of £9 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

<b>Pay Differential between Chief Executive and lowest paid full time equivalent employees</b>	CEX salary	218414
	Lowest FTE salary	17128
	Pay Multiple	<b>12.7:1</b>

<b>Pay Differential between Chief Executive and the median pay for full time equivalent employees</b>	CEX salary	218414
	Median salary	23836
	Pay Multiple	<b>9.16:1</b>

<b>Pay Differential between Chief Executive and the average pay for full time equivalent employees</b>	CEX salary	218414
	Average salary	26768
	Pay Multiple	<b>8.15:1</b>

The following tables illustrate the various pay differentials between Chief/Deputy Chief Officers and the lowest paid full time equivalent employee, median employee pay and average employee pay.

<b>Pay Differential between the average of Chief/Deputy Chief Officers (JNC) pay and the lowest paid full time equivalent employee</b>	Average Chief Officer salary	103527
	Lowest FTE salary	17128
	Pay Multiple	<b>6.04:1</b>

<b>Pay Differential between the average of Chief/Deputy Chief Officers (JNC) pay and the average pay for a full time equivalent employee</b>	Average Chief Officer salary	103527
	Average salary	26768
	Pay Multiple	<b>3.86:1</b>

<b>Pay Differential between the median of Chief/Deputy Chief Officers (JNC) pay and the median pay for a full time equivalent employee</b>	Median Chief Officer salary	92681
	Median salary	23836
	Pay Multiple	<b>3.88:1</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.

## Annex 1 Birmingham City Council - Senior Pay Spine (Chief/Deputy Chief Officers)

Job Level	Grade	Minimum £	Maximum £
Chief Executive	B04	£ 181,024	£ 221,754
Corporate Director	B03	£ 135,346	£ 165,798
Service Director	B02	£ 101,192	£ 123,962
Assistant Director	B01	£ 74,984	£ 92,681

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 £181,024 rising to a maximum of £221,754. There is no additional supplement paid for returning officer duties incorporated into this role.
- b) Chief Finance Officer (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 £135,346, rising to a maximum of £165,798.
- c) City Solicitor & Monitoring Officer Legal and Governance – A statutory chief officer defined under section 5(1) of that Act.  
The salary for the above post falls within a range between £101,192 rising to a maximum of £123,962.
- d) Project Director Commonwealth Games – A non-statutory chief officer defined under section 2 (7) of that Act. The salary for the above post falls within a range between £101,192 rising to a maximum of £123,962.
- e) Director Human Resources – A non-statutory chief officer defined under section 2 (7) of that Act. The salary for the above post falls within a range between £101,192 rising to a maximum of £123,962.
- f) Director - Adult Social Care– A statutory officer defined under section 2(6) of that Act.  
The salary for the above post falls within a range between £135,346, rising to a maximum of £165,798.
- g) Director – Education & Skills - A statutory officer defined under section 2(6) of that Act.  
The salary for the above post falls within a range between £135,346, rising to a maximum of £165,798.
- h) Director - Neighbourhoods - A non-statutory chief officer defined under section 2(7) of that Act.  
The salary for the above post falls within a range between £135,346, rising to a maximum of £165,798.



- i) Director Digital & Customer Services – A non-statutory chief officer defined under section 2(7) of that Act. The salary for the above post falls within a range between £101,192, rising to a maximum of £123,962.
- j) Director Inclusive Growth - A non-statutory chief officer defined under section 2(7) of that Act. The salary for the above post falls within a range between £135,346, rising to a maximum of £165,798.
- k) Assistant Chief Executive Policy– A non-statutory chief officer defined under section 2(7) of that Act. The salary for the above post falls within a range between £101,192 rising to a maximum of £123,962.
- l) 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 £101,192 rising to a maximum of £123,962. There are also two statutory payments made in relation to this role.

## 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 are effective from April 2019.

Grade	Spinal Column Point	Salary FTE
1	1	17364
	2	17711
	3	18065
2	3	18065
	4	18426
	5	18795
	6	19171
	7	19554
	8	19945
3	9	20344
	10	20751
	11	21166
	12	21589
	13	22021
	14	22462
	15	22911
	16	23369
	17	23836
	18	24313
	19	24799
	20	25295
	21	25801
	22	26317
4	23	26999
	24	27905
	25	28785
	26	29636
	27	30507
	28	31371
	29	32029
	30	32878
	31	33799

5	32	34788
	33	35934
	34	36876
	35	37849
	36	38813
	37	39782
	38	40760
	39	41675
6	40	42683
	41	43662
	42	44632
	43	45591
	44	47,061.82
	45	48,542.86
	46	50,021.82
	47	51,513.02
	48	52,986.96
	49	54,574.12
7	50	56,154.06
	51	57,755.42
	52	59,625.08
	53	61,569.28
	54	63,579.70
	55	65,659.40
	56	67,818.78
	57	70,048.54
	58	72,883.08

\*\* Discussions relating to pay structure are on-going with recognised Trade Unions

## Annexe 3

**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:

Designation	Directorate	Grade	Range
Assistant Director Development & Commercial (& Deputy S151 Officer)	Finance and Governance	B02	£101,192 - £123,962
Assistant Director Service Finance (& Deputy S151 Officer)	Finance and Governance	B02	£101,192 - £123,962
Assistant Director Governance & Deputy MO	Finance and Governance	B01	£74,984 - £92, 681
Assistant Director Legal Services	Finance and Governance	B01	£74,984 - £92, 681
Head of Audit	Finance and Governance	G7 (NJC)	£56,154 - £72,883
Director GBSLEP	Finance & Governance	B01	£74,984 - £92, 681
Assistant Director Human Resources	Human Resources	B01	£74,984 - £92, 681
Assistant Director Organisational Development	Human Resources	B01	£74,984 - £92, 681
HR/OD Business Manager	Human Resources	G7 (NJC)	£56,154 - £72,883
Health & Safety Manager	Human Resources	G6 (NJC)	£43,662 - £56,154
Assistant Director Customer Services & Business Support	Digital & Customer Services	B01	£74,984 - £92, 681
Assistant Director Revenues & Benefits	Digital & Customer Services	B01	£74,984 - £92, 681
Assistant Director ICT & Digital	Digital & Customer Services	B01	£74,984 - £92, 681
Assistant Director Communications & Marketing	Assistant Chief Executives	B01	£74,984 - £92, 681
Assistant Director Public Health	Assistant Chief Executives	B01	£74,984 - £92, 681
Assistant Director Public Health	Assistant Chief Executives	B01	£74,984 - £92, 681
Assistant Director Housing	Neighbourhoods	B02	£101,192 - £123,962
AD Street Scene	Neighbourhoods	B02	£101,192 - £123,962
AD Neighbourhoods	Neighbourhoods	B01	£74,984 - £92, 681
AD Regulation & Enforcement	Neighbourhoods	B02	£101,192 - £123,962
Assistant Director Development	Inclusive Growth	B01	£74,984 - £92, 681
Assistant Director Transport Connectivity	Inclusive Growth	B01	£74,984 - £92, 681
Assistant Director Highways & Infrastructure	Inclusive Growth	B01	£74,984 - £92, 681
Assistant Director Property Services	Inclusive Growth	B01	£74,984 - £92, 681
Assistant Director Planning	Inclusive Growth	B01	£74,984 - £92, 681
Assistant Director Housing Development	Inclusive Growth	B01	£74,984 - £92, 681
AD Education & Early Years	Education & Skills	B01	£74,984 - £92, 681
AD Inclusion & SENDS	Education & Skills	B01	£74,984 - £92, 681
AD Skills	Education & Skills	B01	£74,984 - £92, 681
AD Community & Operational x 2	Adult Social Care	B02	£101,192 - £123,962
AD Commissioning	Adult Social Care	B02	£101,192 - £123,962
AD Quality & Improvement	Adult Social Care	B01	£74,984 - £92, 681