

Stockport Metropolitan Borough Council

Annual Pay Policy Statement 2018/19

1. Introduction

- 1.1 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. The statement also has due regard for the associated statutory guidance including supplementary guidance issued in February 2013 and the Local Government Transparency code 2014. For the first time the statement also incorporates the Council's Gender Pay Gap information as the Council is now required to publish this on an annual basis under the GPG reporting requirements.
- 1.2 The purpose of the statement is to provide transparency with regard to the Council's approach to setting the pay of its employees (excluding teaching staff working in local authority schools) by confirming 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; the responsibility of the Appointments Committee to ensure the provisions set out in this statement relating to the Chief Executive, Deputy Chief Executive, Corporate Directors and Service Directors are applied consistently throughout the Council and recommend any amendments to the Council.
- 1.3 Once approved by the full Council, this policy statement will come into effect from the following April and will be subject to review on a minimum of an annual basis, the policy for the next financial year being approved by 31 March each year.

2. Other legislation relevant to pay and remuneration

- 2.1 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 [TUPE].

3. Background

- 3.1 Stockport Council's single cohesive programme for public reform and growth is the positive and proactive approach to meeting the financial challenges faced by the Council. It focuses on making the best use of

the resources and has seen the Council and its partners invest significantly in the growth of the Town Centre and the Borough and taking more of a lead role in developing an economically active town. This is alongside refining the way the Council delivers services, working with partners across all public services to make the changes needed to ensure that;

- Our neighborhoods are successful and sustainable
- Our communities are resilient and empowered
- Our people are independent

- 3.2 The principle is one of 'invest to save' – helping people to be more independent so that there is less demand for services in the future.
- 3.3 The Council focus is to consider where it can best invest and spend the money it has now and in future years and align this with others to achieve shared outcomes and effectively ensure growth of the Borough. The Council will have less money overall, but will use it in a more focused way to deliver the agreed outcomes for the Borough.
- 3.4 The Council has already delivered over £100 million savings since 2011/12. It is forecast there will be a requirement to save a further £60 million by 2023.
- 3.5 Stockport Council clearly recognises the complex, challenging and competing drivers underpinning public sector remuneration, especially at a senior level, including:
- The financial constraints of the public purse and imperative to demonstrate value for money at all times
 - The organisation's obligations under equal pay legislation
 - The importance of attractive terms and conditions to enable the Council to recruit and retain quality staff
- 3.6 The Council has reviewed elements of its pay and grading arrangements which relate to terms and conditions of employment in order to ensure these are fit for purpose and meet the current needs of the Council. This has resulted in the following changes:
- Removal of the car leasing scheme by 30 September 2014
 - Increase in employee car parking charges which was linked to the introduction of a salary sacrifice arrangement to help minimise the impact on employees (although salary sacrifice can no longer be used for this purpose from April 2018)
 - As a result of a Council wide review of additional allowances such as home working, broadband and fuel, these allowances have been removed

- Introduction of control procedures, through the workforce deployment panel, in order to scrutinise and monitor recruitment and other employee related expenditure across the Council
- A review of employee car allowances and car parking was completed in 2015/16. This ensures car allowances are only paid where this is appropriate to the current job role and that car park passes are allocated on the basis of usage in current job role. Robust criteria on qualification for both are now in place and this has been kept under review
- A proposal is currently being consulted upon to undertake a further review, in consultation with unions, of the Staff Travel Policy

4. Pay Structure

4.1 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”. The Council’s pay and grading structures were determined following a comprehensive pay and grading review. The Council uses the Greater London Provincial Council job evaluation scheme for job roles up to senior officer level and the HAY job evaluation scheme for management roles. This ensures that there is no pay discrimination within its pay structures and that all pay differentials can be objectively justified through the use of job evaluation mechanisms, which directly establish the relative levels of the grades of posts according to the requirements, demands and responsibilities of the job role. The Council’s pay and grading structures are subject to ongoing review; as a result this has brought about the implementation of the Living Wage Foundation rate for low paid employees. Further detail can be found in section 9 of this statement.

4.2 The Council uses the nationally negotiated pay spine(s) (i.e. a defined list of salary points) as the basis for its local pay structure, which determines the salaries of the large majority of its (non-teaching) workforce together with the use of locally determined rates where these do not apply. To view the Council’s current NJC pay structure follow this link.

<http://connect.stockport.gov.uk/kb/Documents/Human%20Resources/Pay,%20Expenses,%20Benefits%20and%20Pensions/Pay/Pay%20Scales%20017-18.pdf>

4.3 The Council adopts the national pay bargaining arrangements in respect of the establishment and revision of the national pay spine, for example through any agreed annual pay increases negotiated with joint trade unions. The current national pay deal runs until 31 March 2018. Rates of pay beyond this date have not yet been agreed. However it is clear further changes will be required to the lower end of the national pay spine in order to effectively accommodate the National Living Wage and

a review of the national pay spine is now underway. Further details are outlined in section 9 of this statement.

- 4.4 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 the collective bargaining machinery.
- 4.5 In determining its grading structure and setting remuneration levels for any posts which fall outside its scope, 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.
- 4.6 New appointments will normally be made at the minimum of the relevant pay scale for the grade, although this can be varied where necessary to secure the best candidate. For posts at Chief Executive, Deputy Chief Executive, Corporate Director and Service Director level, the Appointments Committee must approve commencing salaries above the minimum of the pay scale.
- 4.7 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.
- 4.8 Any supplement to the salary scale for the grade must have appropriate senior management approval, in line with Council policy.

5. Senior Management Remuneration

- 5.1 Employment arrangements for chief officers are linked to the relevant national agreements including the National Joint Council for Chief Executives and National Joint Council for Chief Officers. It should be noted that pay awards are determined through these national negotiating arrangement and there were no pay increases awarded nationally to these groups from 1 April 2008 to 31 December 2014. From 1 January 2015 a 2% pay award was agreed, for these groups, although this only applied to salaries of £99,999 or less. Salaries above this amount were therefore unchanged. From 1 April 2016 a 1% pay award was agreed for these groups and a 1% increase was also agreed from 1 April 2017. The pay award from 1 April 2018 has not yet been agreed.
- 5.2 In accordance with the Constitution of the Council, the Appointments Committee is responsible for decision making in relation to the recruitment, pay,

terms and conditions and severance arrangements in relation to the Chief Executive, Deputy Chief Executive, Corporate and Service Directors of the Council.

- 5.3 For the purposes of this statement, senior management means ‘chief officers’ as defined within the Localism Act. The posts falling within the statutory definition are set out below, with details of their current basic salary;

5.3.1 Chief Executive

The salary falls within a range of 10 incremental points between £144,007.52 rising to a maximum of £173,469.03. The salary is inclusive of responsibility as Returning Officer for local elections and Electoral Registration Officer. Additional fees, determined by the Electoral Commission, are payable in the event of Parliamentary or European elections.

5.3.2 Corporate Directors and Deputy Chief Executive

The salary of posts designated as Corporate Director and Deputy Chief Executive falls within a range of 10 incremental points between £102,980.12 rising to a maximum of £121,994.78.

5.3.3 Service Directors

The salary of the post designated as Service Director falls within a range of 10 incremental points between £78,331.44 rising to a maximum of £98,212.17.

- 5.4 The arrangements and factors considered in determining an individual’s progression through the relevant pay scale are set out in the Performance Development Review policy document for senior officers.
- 5.5 Where the Council is unable to recruit chief officers, or there is a need for interim support to provide cover for a substantive chief officer post, the Council may, where necessary, consider engaging individuals under a ‘contract 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 these arrangements.
- 5.6 The Council will take care when engaging people essentially to perform the role of an employee to avoid, contractual arrangements which could be perceived as being primarily designed to reduce significantly the rate of tax paid by the person. The Council does not have any such arrangements nor will it enter in to any such arrangements.
- 5.7 Details of senior pay can be found on the Council Transparency pages

6. Recruitment and Remuneration of Chief Officers

- 6.1 The Council's policy and procedures with regard to recruitment of chief officers are in accordance with the corporate Recruitment and Selection policy and as set out in Parts 3 and 4 of the Constitution.
- 6.2 When recruiting to all posts the Council will take full and proper account of all provisions of relevant employment law and its own equality and HR Policies as approved by Council.
- 6.3 The determination of the remuneration to be offered to any newly appointed Chief Executive, Deputy Chief Executive, Corporate or Service Director will be in accordance with the pay structure and relevant policies in place at the time of recruitment. In accordance with the Localism Act, where the proposed annual salary package is £100,000 or more the Council offers the decision to a meeting of the full Council, before the appointment is confirmed. Currently this only applies to the posts of Chief Executive, Deputy Chief Executive and Corporate Directors. The requirement to approve salary packages above £100,000 only applies to new appointments and does not apply to existing senior managers.
- 6.4 The Council continues to review annually the delegation of Appointment Committee to act as the responsible group of elected members to fulfil the responsibility for the application of the pay policy for senior managers. Any changes in policy developed by the Appointments Committee must be agreed by full Council, in accordance with the legislation.

7. Additions to Salary of Chief Officers

- 7.1 With the exception of progression through the incremental scale of the relevant grade being subject to satisfactory performance, which is assessed on an annual basis, the level of remuneration is not variable dependent upon the achievement of defined targets except that progression to the upper range is subject to exceptional performance. The Council does not operate a bonus related pay scheme.
- 7.2 To meet specific operational requirements it may be necessary for an individual to temporarily take on additional duties to their identified role. Any additional remuneration will be in accordance with Council's HR policies.
- 7.3 In addition to basic salary Chief Officers are entitled to receive certain allowances in accordance with their terms and conditions of service and the relevant Council policies where appropriate. No allowances are currently paid by the Council in relation to additional leadership roles.

8. Payments on Termination

- 8.1 The Council's approach to statutory and discretionary payments on termination of employment of the Chief Executive, Deputy Chief Executive, Corporate and Service Directors, prior to reaching normal retirement age, is in accordance with Regulations 5 and 6 of the Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations 2006 [and if adopted] Regulation 12 of the Local Government Pension Scheme (Benefits, Membership and Contribution) Regulations 2007.
- 8.2 Any payments falling outside these provisions or the relevant periods of notice within the contract of employment shall be subject to a formal decision made by the Appointments Committee and placed before full Council as appropriate.
- 8.3 In accordance with corporate policy the Council will not re-employ or re-engage on a contract for service chief officers that have taken an enhanced severance package for a period of three years from their date of termination.
- 8.4 The Council will also have regard to the Local Government Modification Order where a severance payment has been made and the individual is re-employed.

9. Lowest Paid Employees – Living Wage

- 9.1 At the Council Meeting on 25 April 2013 a decision was supported by all members of political parties to support the implementation of the Living Wage. The Living Wage is distinct from the National Minimum Wage, the government minimum for under 25's currently £7.05 per hour. It is also distinct from the government's National Living Wage (NLW) of £7.50 per hour.
- 9.2 The Living Wage was created to set the minimum pay rate believed to be required for a worker to provide their family with the essentials of life, and is reliant upon the voluntary commitment of individual employers. The current Living Wage level set nationally in November each year is £8.75 per hour. This rate is set by the Centre for Research in Social Policy at Loughborough University and the research is funded by the Joseph Rowntree Foundation. The Living Wage Foundation campaigns and promotes the implementation of the Living Wage by employers.
- 9.3 The Government introduced the NLW for employees aged 25 and above on 1 April 2016 with the aim of reaching 60% of median UK earnings by 2020. This rate is currently £7.50 per hour and is projected to rise to at least £9 per hour by 2020. It should be noted, the Government have announced the NLW rate will rise to £7.83 per hour from 1 April 2018.

- 9.4 The lowest paid persons employed under a contract of employment with the Council are employed on full time [37 hours] equivalent salaries in accordance with the minimum spinal column point currently in use within the Council's grading structure. As at 1 April 2018, this will be £15,014 per annum, £7.78 per hour. However those employees paid below the Living Wage rate (at that time) receive a supplement, from the Council, to bring their pay up to this level. This supplement would therefore mean the lowest paid full time salary in the Council would receive £16,835 gross per annum, if the proposal in 9.5 below is adopted from 1 April 2018.
- 9.5 The Council has committed to review its approach to application of the Living Wage by the 1st of April on an annual basis. It is proposed, in line with current policy, the Council increases its living wage supplement to align with the current living wage rate of £8.75 per hour with effect from 1 April 2018.
- 9.6 It should be noted that the Council employs Apprentices [or other such categories of workers] who are not considered within the definition of 'lowest paid employees' as they are employed under a training contract. However apprentices employed by the Council are paid at the national minimum rate for age which is higher than the national rate for apprentices.
- 9.7 The table below shows the lower end of the national pay spine and the points at which the National Living Wage (NLW) Effective from 1 April 2017 and the Living Wage (LW) impact on specific points in the pay spine.

NJC pay spine 2017-18					NLW	LW
Spinal point	£ per annum	£ per hour	Scale			
6	15,014	7.78	One			
7	15,115	7.83	One		£7.83	
8	15,246	7.90	One			
9	15,375	7.97	One			
10	15,631	8.09	One	Two		
11	15,807	8.18		Two		
12	16,123	8.36		Two		
13	16,491	8.55		Two		
14	16,781	8.70			Three	£8.75

- 9.8 It is recognised at national level that the current national pay spine has lost its relevance to modern working arrangements and is unable to absorb the new NLW along with the planned increases. It is also clear that a number of Councils have already taken the decision to pay the Living Wage (or their own version of this) and therefore a restructure of the national pay spine is required.

- 9.9 A two-year pay agreement was reached from 2016 to 2018, with a headline of one per cent increase in each of 2016 and 2017 in addition to increasing the bottom pay points to take account of the new NLW. While the 2016-18 pay deal made considerable progress in meeting that challenge, there will still be a need to increase the bottom pay point by a further 16% to achieve the Government's target of 60% of median earnings in 2020.
- 9.10 The National Employers are now progressing the longer-term review of the pay spine with Trade Unions which it is recognised is necessary to meet the challenge set by the NLW. Formal negotiations have not yet started however technical work is underway and a set of principle for the review have been established.
- 9.11 The relationship between the rate of pay for the lowest paid and chief officers is determined by the processes used for determining pay and grading structures as set out in section 4.1 of this policy statement.

10. Pay Multiples

- 10.1 At 23 November 2017 the median full time equivalent salary within the Council is £24,964. The pay multiples for the current policy are set out below, as at 23 November 2017. Two calculations are provided:
- the ratio between the highest paid salary (£144,007.52) and the median salary of the whole of the workforce (£24,964). This multiple is 1:5.76, which is lower than last year's figure of 1:6.09 primarily due to the reduction in the highest paid salary figure.
 - the ratio between the highest paid salary (£144,007.52) and the current lowest salary (£16257.80). This multiple for 2017/18 is 1:8.8. This multiple is an improvement on the 16/17 figure of 1:10.8 primarily because of the reduction in the highest paid salary figure.
- 10.2 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.

11. Gender Pay Gap reporting

- 11.1 From 2017 public sector organisations including government departments, the armed forces, local authorities and NHS bodies and most schools with 250 employees or more must publish and report specific figures about their gender pay gap. The GPG is the difference between the average earnings of men and women, expressed relative to the men's earnings e.g. women earn 15% less than men per hour. The figures are calculated using a specific reference date or "snapshot date." This date is the 31 March each year and organisations must publish this information on their public facing web site within 12 months.

- 11.2 Schools with 250 or more employees must report and publish their own information and will not be included in the local education authority's GPG reporting. In Stockport there are currently no schools with 250 or more employees and are not therefore required to report on their GPG.
- 11.3 The information which must be published is: mean gender pay gap in hourly pay: median gender pay gap in hourly pay: mean bonus gender pay gap: median bonus gender pay gap: promotion of males and females receiving a bonus payment: promotion of males and females in each pay quartile. A point to note is that Stockport Council does not have any pay bonus schemes.
- 11.4 In anticipation of the GPG reporting requirement, last year the Council agreed to include the GPG information in the Annual Pay Policy Statement. In order to ensure compliance with the requirements and that data included is consistent AGMA Councils have been working together during 2017 on agreeing a common data set. The majority of other AGMA Councils will also do this and therefore AGMA comparative figures will be published by 31 March 2018.
- 11.5 Stockport is a supportive and flexible employer with a range of flexible working patterns and models available to employees, these include, flexible working, term time, part time, job share, agile and home working along with a "blind" recruitment process. Stockport also has a number of female role models in senior management positions. The Council's GPG is low with only small percentage differences of 2.79% in the mean hourly rate and 1.81% in the median hourly rate. Full details are shown in appendix one. This is the first time Stockport has produced GPG information so it is not currently possible to view trends. Work will continue to ensure the GPG is improved including: identifying areas where it is difficult for female workers to access, improving career development opportunities and continuing to work with AGMA colleagues to learn from good practice.

12. Future Legislation

- 12.1 The Council will fully comply with changes to legislation in relation to remuneration and exit payment requirements should legislation change.

13. Publication

- 13.1 Upon approval by the full Council, this statement will be published on the Councils website.

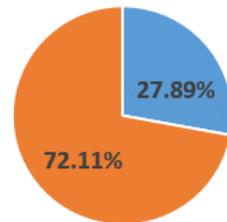
Appendix 1

Stockport Council Gender Pay Gap Reporting @ 31st March 2017

Headcount (number of occupancies)

Male	913	27.89%
Female	2361	72.11%
Total	3274	

Gender Split



■ Male ■ Female

Difference in Mean Hourly Rate of Pay

Male £14.61

Female £14.20

$$\frac{(\pounds 14.61 - \pounds 14.20)}{\pounds 14.61} \times 100 = 2.79\%$$

Difference in Median Hourly Rate of Pay

Male £13.04

Female £12.80

$$\frac{(\pounds 13.04 - \pounds 12.80)}{\pounds 13.04} \times 100 = 1.81\%$$

Gender Pay Gap difference in hourly rate

Women's hourly rate is:

2.79%
Lower (Mean)

1.81%
Lower (Median)

Proportion of Male and Female Employees According to Quartile Pay Bands

Quartile	Hourly Rate Range *	Male *	Female *	% Male	% Female
Upper	£17.15 - £88.96	227	591	27.8%	72.2%
Upper Middle	£12.90 - £17.15	245	574	29.9%	70.1%
Lower Middle	£10.33 - £12.83	217	601	26.5%	73.5%
Lower	£4.00 - £10.33	224	595	27.4%	72.6%
Total		913	2361		

*additional information not required to be reported

