

## PAY POLICY REPORT 2018 – 19

### GENDER PAY GAP DATA

#### Executive Summary

#### Pay Policy

Sections 38 to 43 of the Localism Act 2011 require local authorities to prepare an annual pay policy statement for each financial year.

The statement must specifically cover the authority's policies relating to:

- the remuneration of its chief officers;
- the remuneration of its lowest-paid employees, and
- the relationship between –
  - the remuneration of its chief officers, and
  - the remuneration of its employees who are not chief officers
- the definition of 'lowest-paid employees' adopted;
- the level and elements of remuneration for each chief officer;
- remuneration of chief officers on recruitment;
- increases and additions to remuneration for each chief officer;
- the use of performance-related pay for chief officers;
- the use of bonuses for chief officers;
- the approach to the payment of chief officers on their ceasing to hold office or to be employed by the authority;
- the publication of and access to information relating to remuneration of chief officers;

The statement may also cover the authority's policy relating to:

- policies for the financial year relating to the other terms and conditions applying to the authority's chief officers.

Chief Officer is defined to include:

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

The pay policy statement has to be approved by a resolution of the authority. Following approval, the statement must be published as soon as possible on the authority's website. The Council may amend the pay policy statement in-year and this also requires a resolution.

The Act specifies that the functions relating to pay accountability are not executive functions and also that section 101 of the Local Government Act 1972, which gives local authorities powers to

arrange for the discharge of their functions by committees, officers or other local authorities, does not apply to these functions. This means that the resolution must be approved by full Council.

## Gender Pay Gap

Woking Borough Council is required by law to publish annual gender pay gap data. The Equality Act 2010 (Gender Pay Gap Information) Regulations 2017 require all employers with 250 or more employees to publish data based on the snap-shot date 31 March 2017. In addition the Council has to depict pay quartiles by gender whereby the workforce is divided into four equal-sized groups based on hourly pay rates, with the Upper Quartile covering the highest paid 25% and the lower quartile containing the lowest paid 25%. The data has to be published on the Council's website annually. The figures set out in the following report have been calculated using the standard methodologies used in the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017.

These provisions add to the range of transparency obligations already placed upon the Council such as the Accounts and Audit Regulations 2011 which already require historic expenditure on chief officers within specified pay bands to be disclosed in the annual statement of accounts

## Recommendations

The Council is invited to approve the Pay Policy Statement for the financial year 2018/19 and in so doing comply with the provisions of the Localism Act 2011.

The Council is invited to note the gender pay gap data based on the snap-shot date of 31 March 2017 and in doing so comply with The Equality Act 2010 (Gender Pay Gap Information) Regulations 2017.

The Council is requested to:

### **RESOLVE That**

- (i) the Pay Policy Statement be approved for publication; and
- (ii) the Gender Pay Gap data be approved for publication.

The Council has the authority to determine the recommendations set out above.

## Background Papers:

Sustainability Impact Assessment  
Equalities Impact Assessment

**Reporting Person:** Ray Morgan, Chief Executive  
Email: ray.morgan@woking.gov.uk, Extn: 3333

**Contact Person:** Amanda Jeffrey, Head of Human Resources  
Email: amanda.jeffrey@woking.gov.uk, Extn: 3904

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## **1.0 Introduction**

- 1.1 This Pay Policy Statement is provided in accordance with Sections 38 - 43 of the Localism Act 2011.
- 1.2 This Pay Policy Statement sets out Woking Borough Council's policies relating to the pay of its workforce for the financial year 2018-19.

## **2.0 Background**

- 2.1 The Council has developed its own local terms and conditions including pay. The local pay scale covers all employees of the Council.
- 2.2 As required by law, the Council provides all of its employees with the opportunity to join the Local Government Pension Scheme.

## **3.0 Definition**

- 3.1 For the purpose of this pay policy the following definitions will apply:

'Remuneration', in addition to salary this includes taxable earnings and non-taxable benefits (and is more particularly defined in section 46 of the Localism Act 2011).

'Chief officer' refers to the following statutory and non-statutory roles within Woking Borough Council as follows:

- Chief Executive, as Head of Paid Service
- Deputy Chief Executive
- Strategic Directors
- Section 151 Officer/Chief Finance Officer and Monitoring Officer
- Senior Managers who report directly to those listed above

- 3.2 'Lowest paid Employees' refers to employees employed within grade W1 of the Council's current pay grading structure, other than apprenticeships or traineeships. This definition for the 'lowest paid employees' has been adopted because grade W1 is the lowest grade on the Council's grading structure on which employees are paid. The bottom point on this pay scale is £16,302. To enable meaningful comparison the Council uses employees on full time contracts for this definition.

## **4.0 Pay Framework and Remuneration**

- 4.1 Remuneration at all levels needs to be adequate to secure and retain high-quality employees dedicated to fulfilling the Council's business objectives and delivering services to the public. This has to be balanced by ensuring remuneration is not unnecessarily excessive. The Council has responsibility for balancing these factors. The overall pay bill is controlled within a financial envelope agreed at least annually by the Council/Executive.
- 4.2 It is essential for good governance that decisions on pay and reward packages for chief executives and chief officers are made in an open and accountable way and that there is an accountable process for recommending the levels of top salaries. Our policy is to pay appropriately to attract competent and experienced senior employees to lead the organisation. Our aim is to be regarded as competitive as compared to the level of pay locally and neighbouring local authorities.
- 4.3 All Woking Borough Council employees are on local conditions. The pay and reward structure and the performance management process apply to all employees including chief

officers. Targets for both objectives and behaviours are set and performance against those targets is assessed.

- 4.4 The Authority has a salary and grading structure for all employees which includes the grades and salaries applicable to chief officers. The grade allocated to a post is determined by the duties, level of responsibility and behaviours required as outlined in the job description, person specification and role map.
- 4.5 The grade framework comprises of 12 grades. Outside the main framework there are 4 trainee grades. All employees are placed within the grade framework on a fixed salary based on an assessment of the job role. Progression through a grade is based on an assessment of behaviour, skill and performance following the outcome of an annual performance and development review (PDR). Each employee receives an overall grading which determines the amount of performance pay to be awarded. Payments are made against a pre-determined amount to ensure the scheme remains affordable.
- 4.6 Indexation is considered annually for all employees in consultation with UNISON.
- 4.7 In addition to basic pay all chief officers and employees are eligible to receive the following benefits:
- If the officer is a member of the Local Government Pension Scheme the employers' contribution.
  - Payment of an annual subscription to one professional institution where this has a clear benefit or is a requisite to the job.
  - A flexible benefit paid in monthly instalment. This can be used to purchase a public sector season ticket, obtain a vehicle through the Council's car leasing scheme or as a cash alternative. Normal tax and national insurance rules apply.
- 4.8 The Council does not have a lump sum performance related pay or bonus scheme.

## **5.0 Policy on the lowest paid employees**

- 5.1 When determining any pay award the Council considers the needs of the lowest paid and the Living Wage (outside London rate).
- 5.2 The Council is supportive of the principle of equal pay in employment and has made a commitment to involve and work positively with UNISON to develop and maintain an open and transparent process and dialogue.

## **6.0 Policy on the Remuneration Multiple (Ratio) Between Lowest and Highest Paid Employees**

- 6.1 Our policy is that the ratio is broadly in line with comparator authorities.
- 6.2 The average (median) chief officer remuneration is £68,898; the average (median) remuneration for employees other than the chief officers is £31,277. Therefore the ratio of average chief officer remuneration to the average remuneration of other employees is 2.2.
- 6.3 The ratio between the highest paid earner, the Chief Executive, to the average (median) remuneration of the whole workforce is 3.9.

## **7.0 Remuneration on Employment**

- 7.1 Our policy is to appoint at, or near, the bottom taking into account the relevant skills and experience of the person appointed. Progression through the grade is as outlined in section 4 above. Appointments at chief officer level below Chief Executive are made by more senior

officers with Member involvement as appropriate. On occasion the Council will request input from neighbouring authorities or other experts in the recruitment process particularly when the post requires specialist knowledge. Appointments to the post of Chief Executive are made by the leading Members and approved by the Council.

## **8.0 Approach to the Payment of Officers in the Event of their Ceasing to Hold Office or be Employed by the Authority**

8.1 The Council's redundancy framework sets out a consistent method of calculating redundancy pay which is applied to all redundant employees. The level of redundancy pay is calculated using the statutory system with a multiplier of 2.2 and no cap on weekly earnings. The payment is intended to recompense employees for the loss of their livelihood and provide financial support whilst they seek alternative employment.

8.2 Officers who leave the Council's employment, where appropriate, will receive compensation in line with the Council's redundancy payments policy or through a negotiated settlement.

## **9.0 The Publication of and Access to Information Relating to Remuneration of Chief Officers.**

9.1 The annual Pay Policy statement will be published on the website where it can be easily accessed. Information about senior officer remuneration has been published on the Council's website as part of the Final Statement of Accounts and transparency agenda. The grade framework for all employees is published on the Council's website.

## **10.0 Additions to Remuneration for Chief Officers**

10.1 One or more chief officers will be eligible for payments for election duties (e.g. as Returning Officer or Deputy Returning Officer/s) which is calculated based on the number of electors in each ward in the election. There is an agreed Surrey wide scale of fees and charges which sets out the amounts used to calculate this.

10.2 Fees for borough, county and Police Commissioner elections vary according to the size of the electorate and number of postal voters. Payments for General and European elections are set by central government and are not paid by the Council as the money is reclaimed.

## **11.0 Policy on Employing Someone Who Has Taken Redundancy from another Authority.**

11.1 If there is less than a 4 week gap between someone being made redundant from another council and joining Woking Borough Council they will be required to repay their redundancy payment to their previous employer. If the gap is longer than 4 weeks they can retain their payment but their continuous service is broken, which means that they would have no eligibility for redundancy payments until they have 2 years continuous service with this authority.

## **12.0 Policy on Employing Someone Who is Also Drawing a Pension**

12.1 The Council will consider all requests from employees who wish to draw their pension but continue working. Often there would be a consequential financial reduction through reduced hours, responsibility or pension payments.

## **13.0 Policy on Additional Employments**

13.1 The Council's Conditions of Service provide for employees:- to have one or more employments with the Council, in which cases the arrangements outlined above apply; private employment or outside activity conditional upon such employments or activity not

prejudicing their main employment with the Council; and appointments to remunerated roles directed or authorised by the Council.

## 14.0 Gender Pay Gap

14.1 Woking Borough Council is now required by law to publish an annual gender pay gap data. The Equality Act 2010 (Gender Pay Gap Information) Regulations 2017 require all employers with 250 or more employees to publish data based on its figures on a snap-shot date of 31 March 2017.

14.2 The data has to be published on the Council’s website annually.

### Definitions

14.3 For the purpose of the gender pay gap data gathering the following definitions will apply:

14.4 The mean gender pay gap is the difference between average hourly earnings of men and women.

14.5 The median gender pay gap is the difference between the mid-point in the range of hourly earnings of men and women, when arranged from the highest to lowest.

14.6 In addition the Council has to depict pay quartiles by gender. The workforce is divided into four equal-sized groups or quartiles based on hourly pay rates, with the upper quartile covering the highest paid 25% and the lower quartile containing the lowest paid 25%.

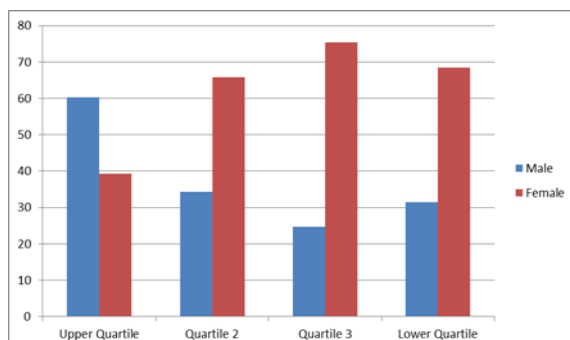
### Pay Gap Data

14.7 The mean gender pay gap for the Council is 22.5%. The median gender pay gap for the Council is 15.6%. The tables below set out the relevant data for the Council.

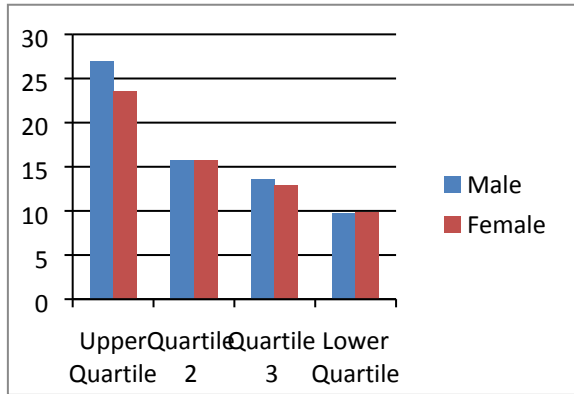
### Pay Quartiles by Gender

Quartile	Male	Female	Description
Upper	60.3%	39.7%	Includes all employees whose standard hourly rate places them above the upper quartile
Quartile 2	34.2%	65.8%	Includes all employees whose standard hourly rate places them above the median but at or below the upper quartile
Quartile 3	24.7%	75.3%	Includes all employees whose standard hourly rate places them above the lower quartile but at or below the median
Lower	31.5%	68.5%	Includes all employees whose standard hourly rate places them at or below the lower quartile

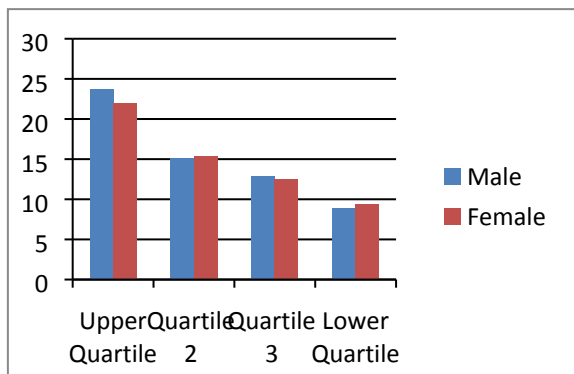
### Organisational make-up - quartiles



Mean hourly pay – quartiles



Median hourly pay – quartiles



The difference between men and women

Quartile	Mean hourly rate - male	Mean hourly rate - female	Mean gender pay gap	Median hourly rate - male	Median hourly rate - female	Median gender pay gap
Upper	£26.96	£23.50	12.8%	£23.75	£21.95	7.58%
Quartile 2	£15.72	£15.76	-0.2%	£15.10	£15.36	-1.72%
Quartile 3	£13.57	£12.87	5.2%	£12.89	£12.50	3.03%
Lower	£9.72	£9.80	-0.8%	£8.97	£9.36	-4.35%

Data in context

- 14.8 The Council’s Pay structure and policies ensure all employees are paid equally for the same or equivalent work, regardless of their sex or any other characteristic protected under the Equality Act 2010. In light of the new legal requirement our analysis has shown that a gender pay gap exists and the Council is committed to reducing this. The main reason for this gap is an imbalance of male and female colleagues across the organisation, the roles in which men and women work within the organisation and the salaries that these roles attract.
- 14.9 Across the UK as a whole, men are more likely than women to be in senior roles, especially very senior roles at the top of organisations. This is true for the Council. Stability at senior management level has meant opportunities for women to progress into the upper quartile have been limited. Generally women are more likely than men to be in front-line roles often paid at the lower end of pay scales. This is reflected in the picture for the Council.

- 14.10 The lower three quartiles contain more females than males. However, quartile 2 and the lowest quartile do not have a gender pay gap. This correlates with our pay policy which has focused on raising the level of pay for the lowest grades, to ensure that the roles are valued and paid the living wage, set by the Living Wage Foundation. Quartile 3 has a small gap of 5.18%. We will look further into why this is, including looking at recruitment and turnover.
- 14.11 The upper quartile is 60% male. These are the most senior roles in the highest pay bands, hence the pay gap is larger at 12.82%.
- 14.12 The pattern from the UK economy as a whole is reflected in the figures found in our upper quartile where men are more likely to be in senior roles. Women are more likely to have had breaks from work which have affected their career progression, for example to bring up children.
- 14.13 The mean gender pay gap nationally is now 17.4% according to the October 2017 Office for National Statistics (ONS) Annual Survey of Hours and Earnings (ASHE) figures. The figure is 17.7% for public sector employees. The median gender pay gap for the public sector is 19.4%.

#### Addressing the pay gap

- 14.14 Woking Borough Council is committed to reducing the gender pay gap.
- 14.15 We will look to carry out a pay audit to inform priorities for action. An audit would confirm our pay arrangements are rational, fair and transparent. We will carry out analysis of recruitment statistics, applications for promotion, take-up of flexible working arrangements and analysis of pay reviews. We will also gather qualitative data through a consultation exercise across the organisation to explore the working experience for our female employees.
- 14.16 We aim to recruit from the widest possible talent pool. We will look at whether we can improve this, including looking at language used in adverts. Our application process is blind and has no personal details available for shortlisting. HR carry out spot-checks on shortlisting to ensure no bias is taking place. Managers are trained on how to recruit using competency based interview techniques that aim to avoid unconscious bias. We will look at the possibility of running training in-house and ensuring all managers are competent in recruitment.
- 14.17 We will continue to offer our employees a wide range of flexible working options to enable them to effectively manage their work/life balance. These options include part-time working, condensed working weeks, job share, home working, agile working and a generous flexi-time scheme. In addition we offer an additional leave purchase scheme. We will continue to promote these across the organisation.
- 14.18 We are committed to offering advancement opportunities and training to all employees, including Management Development, coaching and mentoring for those moving into senior positions. We will look at the Performance Review process and ensure it is robust and fit for purpose and that we are able to identify from within our current workforce those employees who have the potential to grow into more senior roles. We will offer training, support and development opportunities to those employees including coaching and mentoring both within and outside of our organisation.

## **15.0 Implications**

### Financial

- 15.1 To foster a transparent pay and reward framework which is accountable and managed appropriately.



Human Resource/Training and Development

15.2 Ensure compliance with current equality legislation and brief managers appropriately.

Community Safety

15.3 There are no community safety implications arising from this report.

Risk Management

15.4 There are no risk management implications arising from this report.

Sustainability

15.5 There are no sustainability implications arising from this report.

Equalities

15.6 To ensure the Council continues to comply with Equal Pay legislation.

Safeguarding

15.7 This policy complies with Safeguarding requirements.

**16.0 Conclusions**

16.1 The Council is invited to approve the Pay Policy Statement for the financial year 2018/19 and in so doing comply with the provisions of the Localism Act 2011.

16.2 The Council is also invited note the gender pay gap data based on the snap-shot date of 31 March 2017 and in doing so comply with The Equality Act 2010 (Gender Pay Gap Information) Regulations 2017.

REPORT ENDS