



Epaycheck

Data Report



Senior Pay in Local Government

Published September 2015

About Epaycheck

Epaycheck is the national online pay benchmarking service, developed by local government for local government and delivered through the Regional Employers' Organisations. It enables participating councils to share and compare pay and reward data with other councils across hundreds of common roles within the sector.

In early 2015 the **Epaycheck** partnership led a project to specifically refresh chief executive and chief officer data following their respective pay agreements, including those that were not subscribing members of the service, to enable the collation of a robust data set on senior pay. The Local Government Association (LGA) then commissioned Myriad Research Limited to undertake a statistical analysis of senior pay data held within **Epaycheck**.

We are delighted to present this detailed **Epaycheck** Senior Pay Report which provides meaningful comparative data to subscribers to assist in transparent decision-making, benchmarking, pay policy development and workforce planning. It will also be an invaluable resource to the LGA in national policy discussions about senior pay.

The publication of this **Senior Pay Report** follows an earlier **Epaycheck** publication on **Social Work Pay, Recruitment and Retention**. These reports demonstrate the importance and value of this national shared service that is easily and readily available to all local authorities; providing real time pay data benchmarking and reporting for all users.

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Epaycheck Analysis Report

Senior Pay in Local Government

(published September 2015)

Introduction

The LGA commissioned Myriad Research Limited to undertake a statistical analysis of the senior pay data held within **Epaycheck**. The aims were:



- ✓ To review the **Epaycheck** senior pay data assessing what analysis can be done with confidence and identifying what additional secondary data would add the greatest value.
- ✓ To clean and analyse the latest data from **Epaycheck**, providing SPSS syntax files to facilitate future reproduction of the techniques used. This would include weighting the data for non-response if the data quality allows.
- ✓ To produce an analytic report of the senior pay data providing overview descriptive statistics and analysis of interesting correlations and data insights.

The reported data had a response rate of 70% of councils and encompassed over 4,000 senior posts in England and Wales. Data was reported by both job role and tier (tier being the position within the council hierarchy that a job role occupies - Tier 1 is the highest ranking position in the organisation, Tier 2 reports to Tier 1 and so on). The reported data is based on basic pay, excluding additional allowances or benefits.

This report provides an overview of the methods employed to analyse the data and examines the market characteristics that provide the best basis for benchmarking. It highlights how salary benchmarking can be improved by focusing on key shared characteristics of councils, such as working age population.

Grossed data on average pay and paybill is provided for tiers 1 and 2. Information is also presented on average pay across the remaining tiers of local government management teams. It also has data relating to job role, areas of responsibility, additional pay and salary ranges.

A glossary of some of the terminology used in this report is provided in Annex 1.

Key Findings

- ✓ Authority type, working age population, council expenditure and number of employees all have stronger correlations to senior pay rates than regions. These types of organisational and market characteristics should be considered when benchmarking pay.
- ✓ There were a total of 357 tier 1 posts across the 375 councils in England and Wales. In total, 41 authorities shared a Chief Executive, 3 authorities had replaced the Chief Executive post with two Executive Directors, and 331 authorities had a single Chief Executive.
- ✓ The grossed median annual basic pay for tier 1 posts in 2014/15 was £122,210 which varied from £175,313 in London Boroughs to £106,800 in Shire Districts.
- ✓ The total paybill for tier 1 posts was £47.1 million, which was 6% lower in 2014/15 than it was in 2010/11 (a real terms decrease of 11.3%).
- ✓ Median pay for tier 1 posts fell by 5.3% between 2010/11 and 2014/15. All authority types showed decreases, with the percentage change largest in English Unitaries (-7.8%) and smallest in Shire Districts (-2.3%).
- ✓ The data on pay changes can be compared to the basic pay figures for Chief Executives and Senior Officials in the 'Annual Survey of Hours and Earnings' which saw a drop in basic pay between 2011 and 2014 of 2.4%.
- ✓ Shared Chief Executives had significantly more variance in pay levels than those responsible for a single council, likely reflective of the range of responsibilities and arrangements.
- ✓ There is a strong positive correlation between the size of the working age population of an area and tier 1 pay levels. This is true for both single tier/counties and shire districts.
- ✓ The grossed median annual basic pay for tier 2 posts in 2014/15 was £97,950. Comparable median pay was not available but the grossed mean average pay was £96,562 in 2014/15 compared to £101,300 in 2010/11, a fall of 4.7% (9.9% in real terms).
- ✓ Median pay for tier 2 posts in shire county/single tier authorities is highest in London (£128,300) but is closely followed by East Midlands (£124,562) and West Midlands (£117,186).
- ✓ Over half of all tier 2 posts with a responsibility for either adult or children and young people (CYP) social care had responsibility in both areas. Adult social care was slightly more likely to include other areas of responsibility than CYP social care, with housing services, environmental health and trading standards the most frequently identified.
- ✓ Although CYP social care roles get slightly higher pay (£116,113 at tier 2 compared to £114,623 for adults) this difference is not statistically significant.
- ✓ Nearly two thirds (63%) of tier 1 posts in Met Districts are on spot salaries compared to just 38% of London Boroughs, who are also significantly less likely to pay spot salaries to tier 2 or 3 posts.
- ✓ Accounting for the overall level of pay there is little difference in the salary ranges used across different job levels, with tier 1 posts being slightly more likely to have a smaller range than tiers 2 or 3.
- ✓ London Boroughs have significantly higher salary ranges than all other authority types.
- ✓ 18% of responding authorities reported paying essential and lease car allowance. Only 6% of responding councils reported paying any performance related pay.



Response

The initial data had a good overall response rate of 66% of all councils in England and Wales. The distribution between type and region was fairly representative although response was lower in the North East and East Midlands and some data was added from Statement of Accounts 2013/14 to ensure representative coverage.

This brought the overall response rate up to 70% and ensured that no type/region combination had less than 25% response (only three of 28 region/type combinations had less than 50% response). This involved a total of over 4,000 senior posts.

The full response by region and type is provided in Table 1.

Table 1: Region and Type Response by Council and Post

	Total Councils	Respondent Councils	Response Rate	Posts in Responses	Average Posts Per Council
Type of authority					
English Unitary	56	43	77%	1,012	24
London Borough	33	30	91%	498	17
Met District	36	32	89%	913	29
Shire County	27	20	74%	371	19
Shire District	201	118	59%	979	8
Welsh Unitary	22	20	91%	299	15
Region					
East Midlands	45	16	36%	232	15
East of England	52	35	67%	417	12
London	33	30	91%	498	17
North East	12	8	67%	115	14
North West	41	37	90%	695	19
South East	74	27	36%	396	15
South West	41	37	90%	577	16
Wales	22	20	91%	299	15
West Midlands	33	33	100%	460	14
Yorkshire and Humber	22	20	91%	383	19
Total					
England and Wales	375	263	70%	4,072	15

Methodology

The data was cleaned to remove obvious outliers and data for tiers 1 and 2 were grossed to allow for non-response, using statistically robust techniques, as outlined in Annex 2. This removes any variation in data caused by differing response rates in councils with particular characteristics. Data relating to tier 3 and 4 posts is presented ungrossed due to variation in post counts.¹ Pay data has been suppressed when based on a base of less than ten respondents.

The **Epaycheck** data provides minimum and maximum basic pay. This reflects just the basic salary, without any additional allowances or benefits. The majority of the data presented in this report has focused on the mid-point salary data to facilitate simple presentation and enable comparison. There is a separate section on the salary ranges themselves (the difference between the maximum and minimum salary).

Building upon the analysis undertaken on the data for grossing purposes, we looked to establish whether there were market factors which correlated significantly with senior pay levels which could have the potential to produce more accurate benchmarking models.

This “nearest neighbour” model of benchmarking would provide councils with a more accurate and statistically robust way to benchmark. Our analysis, provided in Annex 3, demonstrates that the following characteristics all have significant correlation with senior pay:

- ✓ type of authority
- ✓ working age population
- ✓ revenue expenditure
- ✓ employee FTE
- ✓ average monthly rent for the local area
- ✓ median pay for the local area

Instead of comparing councils simply by region or authority type, it would be beneficial to assess which factors are most influential for a particular council, and then find those councils which have similar characteristics. **This “nearest neighbour” model of benchmarking would provide councils with a more statistically robust approach to benchmarking.**

Throughout this report therefore, we have provided data by the traditional region and authority type divisions and also by **banded working age population**. This is just a ‘taster’ of the potential of **Epaycheck** data, with the real ability to make relevant local comparisons to be found in **Epaycheck** itself.



¹ Epaycheck also contains data on tiers 5 although this was excluded from this report due to sample size and data variance.

Tier 1 paybill and average pay

Tier 1 posts are the highest ranking position in the organisation (Chief Executive, Head of Paid Service, or Executive/Managing Directors).

There were a total of 357 tier one posts across the 375 councils in England and Wales. In total, 41 authorities shared a Chief Executive (including one instance where three authorities were sharing), three authorities had replaced the Chief Executive post with two Executive Directors, and 331 authorities had a single Chief Executive.

The most recent available comparison data for tier 1 pay was from a 2010/11 LGA collection of senior remuneration data from councils' websites (using either senior salary disclosures or data statement of accounts).²

The total number of posts fell by 1.7% which, combined with a fall in average pay, resulted in the overall paybill being 6.0% lower in 2014/15 than it was in 2010/11 as shown in Table 2. Accounting for inflation³ the paybill for tier 1 posts has fallen by 11.3% since April 2011.

Table 2: Tier 1 average pay and paybill 2010/11 and 2014/15

	2010/11	2014/15	% change
Numbers	363	357	-1.7%
Mean Basic Pay (£)	137,950	131,880	-4.4%
Basic Pay Bill (£)	50.1m	47.1m	-6.0%

Base: 261 posts.

The grossed median annual basic pay⁴ for tier 1 posts in 2014/15 was £122,210 which varied from £175,313 in London Boroughs to £106,800 in Shire Districts as shown in Table 3.

Table 3: Tier 1 grossed pay by type of authority 2010/11 and 2014/15

	Median (£) 2014/15	Median (£) 2010/11	% change	Ungrossed Base (posts)
English Unitary	147,489	160,000	-7.8%	42
London Borough	175,313	187,613	-6.6%	29
Met District	160,000	165,425	-3.3%	32
Shire County	173,643	184,228	-5.7%	20
Shire District	106,800	109,260	-2.3%	118
Welsh Unitary	127,642	131,645	-3.0%	20
Total	122,210	129,092	-5.3%	261

Note: In all tables the 'ungrossed base (posts)' represents the actual records held in **Epaycheck**, but actual analysis is based on figures which are "grossed" to represent the equivalent of a full sample.

² As the data collected differs from the Epaycheck data (notably in the actual pay received vs a mid-point of salary ranges) any comparisons should be treated with caution. Additional analysis shows that even if the maximum salary was used for 2014/15 (as opposed to mid-point of ranges) this only accounts for about 2% of the change from 2010/11.

³ Calculated from April 2011 to April 2015 using <http://fxtop.com/en/inflation-calculator.php>

⁴ Taken from the mid-point of the salary range and grossed for non-response as discussed in the Methodology Annex

Median pay for tier 1 posts fell between 2010/11 and 2014/15 across all authority types, with the percentage change largest in English Unitaries (-7.8%) and smallest in Shire Districts (-2.3%). This can be compared to the basic pay figures for Chief Executives and Senior Officials⁵ in the Annual Survey of Hours and Earnings which saw a drop in basic pay between 2011 and 2014⁶ of 2.4%.

Comparing Shire Districts with different management arrangements, as shown in Table 4, we can see that shared Chief Executives get paid slightly more (£111,332) than Chief Executives of a single council (£106,621). Interestingly, the interquartile range for shared Chief Executives (which is indicative of the variance in pay rates) is almost treble that of Chief Executives of a single council.

Table 4: Shire district tier 1 average pay by Chief Executive arrangement

Shire District	Councils	Posts	Lower Quartile (£)	Median (£)	Upper Quartile (£)	Inter - Quartile Range (£)
Single Chief Executive	158	158	103,512	106,621	110,161	6,649
Shared Chief Executive	40	19	106,890	111,332	125,000	18,110

The impact that authority type has on regional averages should be noted. For example, the high concentration of Shire Districts in the South East results in a lower regional average than, for example, the North East. We have therefore split all regional data by shire county/single tier and shire district⁷ as shown in Table 5.

Median pay for tier 1 posts in shire county/single tier authorities is highest in London (£175,313), closely followed by East Midlands (£173,528) and East of England (£171,700). The lowest pay is in Wales (£127,642) and the North East (£149,373).

Median pay for tier 1 posts in shire districts is highest in East of England (£110,924) and lowest in the North West (£101,924).

Table 5: Tier 1 average pay by region and single tier/county and shire district

Region		Lower Quartile (£)	Median (£)	Upper Quartile (£)	Inter - Quartile Range (£) ⁸	Ungrossed Base (posts)
Shire County/Single Tier	East Midlands	158,692	173,528	177,483	18,791	4
	East of England	147,033	171,700	180,000	32,967	7
	London	164,634	175,313	188,978	24,344	29
	North East	145,112	149,373	159,874	14,762	8
	North West	142,157	158,820	170,000	27,843	21
	South East	141,285	150,701	176,902	35,617	12
	South West	137,175	150,000	159,409	22,234	15
	Wales	111,100	127,642	140,000	28,900	20
	West Midlands	139,000	166,433	182,500	43,500	14
	Yorkshire and Humber	142,188	160,000	175,190	33,002	13

5 SOC 2010 code 1115

6 The latest available data but provisional statistics so liable to change

7 Further disaggregation (by region and authority type for example) would provide additional insight but is not practical in this report. This analysis can, however, be undertaken within ePayCheck.

Table 5: Tier 1 average pay by region and single tier/county and shire district

Region		Lower Quartile (£)	Median (£)	Upper Quartile (£)	Inter - Quartile Range (£) ⁸	Ungrossed Base (posts)
Shire District	East Midlands	104,660	106,819	108,244	3,584	12
	East of England	106,727	110,924	122,773	16,046	30
	North West	93,840	101,511	106,000	12,160	15
	South East	105,705	107,492	111,332	5,627	19
	South West	88,257	103,224	110,000	21,743	19
	West Midlands	94,690	104,308	107,574	12,884	16
	Yorkshire and Humber	93,000	104,460	105,757	12,757	7

There is a strong positive correlation between tier 1 salary and the size of the working age population of an area as shown in Table 6. This means that the larger the working age population of an area, the higher the level of tier 1 pay. This is true for both single tier/counties and shire districts.

Table 6: Tier 1 average pay by working age population and single tier/county and shire district

		Lower Quartile (£)	Median (£)	Upper Quartile (£)	Inter - Quartile Range (£)	Ungrossed Base (posts)
Working Age Population - banded	Shire County/Single tier: < 100000	113,625	130,000	143,939	30,314	31
	Shire County/Single tier: 100000 - 175000	144,077	152,029	164,634	20,557	48
	Shire County/Single tier: 175000 - 250000	158,692	172,500	180,000	21,308	37
	Shire County/Single tier: 250000 - 325000 ⁹	-	-	-	-	7
	Shire County/Single tier: >325000	172,253	178,860	185,735	13,482	20
	Shire District: < 50000	94,610	103,229	105,721	11,111	20
	Shire District: 50000 - 60000	104,217	106,400	109,986	5,769	23
	Shire District: 60000 - 70000	101,421	106,886	108,172	6,751	23
	Shire District: 70000 - 80000	104,484	107,486	110,142	5,658	23
	Shire District: >80000	107,060	111,666	115,909	8,849	29

⁸ The interquartile range is the difference between the upper and the lower quartiles.

⁹ Pay data for this group has been suppressed as base is less than ten.

Tier 2 paybill and average pay

Tier 2 posts are any posts that report directly to tier 1 posts. There were a total of 1,279 tier 2 posts across the 375 councils in England and Wales as shown in Table 7. This was significantly down (-18.6%) on the 1,572 posts reported in the previous senior pay report from 2010/11, although this figure should be treated with caution as the data may not be comparable and post counts in 2014/15 showed significant variance.¹⁰

Table 7: Tier 2 average pay and paybill 2010/11 and 2014/15

	2010/11	2014/15	% change
Numbers	1,572	1,279	-18.6%
Median Basic Pay (£)	-	97,950	-
Mean Basic Pay (£)	101,300	96,562	-4.7%
Basic Pay Bill (£)	157.4m	123.5m	-21.5%

Base: 896 posts.

The grossed median annual basic pay¹¹ for tier 2 posts in 2014/15 was £97,950, which varied from £128,300 in London Boroughs and £125,957 in Shire Counties to £75,904 in Shire Districts as shown in Table 8.

Comparable median pay was not available¹² but the grossed mean average pay was £96,562 in 2014/15 compared to £101,300 in 2010/11, a fall of 4.7% (9.9% in real terms).

Table 8: Tier 2 grossed pay by type of authority

	Lower Quartile (£)	Median (£)	Upper Quartile (£)	Interquartile Range (£)	Ungrossed Base (posts)
English Unitary	102,654	107,156	115,000	12,346	170
London Borough	126,025	128,300	138,175	12,150	87
Met District	103,000	110,199	120,000	17,000	167
Shire County	121,997	125,957	130,600	8,603	81
Shire District	71,912	75,904	78,668	6,756	319
Welsh Unitary	87,471	97,958	104,670	17,199	72
Total	76,224	97,950	114,692	38,468	896

Median pay for tier 2 posts in shire county/single tier authorities is highest in London (£128,300), East Midlands (£124,562) and West Midlands (£117,186). The lowest pay is in Wales (£97,958) and the North East (£107,732) as shown in Table 9.

Median pay for tier 2 posts in shire districts is highest in East of England (£76,681) and lowest in Yorkshire and Humber (£69,000).

¹⁰ There are two reasons to treat the change in post-count with caution. Firstly, the tiers in the data from 2010/11 were coded by the LGA from existing data (and so may differ in coding to the current data where the tier is provided by the council itself), and secondly the grossing methodology for post count in 2014/15 showed large variations in post-counts which raises question about the comparability of the two sets of data.

¹¹ Taken from the mid-point of the salary range and grossed for non-response as discussed in the Methodology Annex.

¹² As only mean average was included in the 2010/11 report.

Table 9: Tier 2 average pay by region and single tier/county and shire district

Region		Lower Quartile (£)	Median (£)	Upper Quartile (£)	Inter - Quartile Range (£)	Ungrossed Base (posts)
Shire County/Single Tier	East Midlands	113,962	124,562	126,014	12,052	22
	East of England	112,020	116,667	126,338	14,318	28
	London	126,025	128,300	138,175	12,150	87
	North East	104,269	107,732	110,199	5,930	36
	North West	100,305	110,882	120,492	20,187	78
	South East	104,021	108,039	126,630	22,609	54
	South West	98,202	109,375	122,500	24,298	64
	Wales	87,471	97,958	104,670	17,199	72
	West Midlands	105,307	117,186	123,015	17,708	56
	Yorkshire and Humber	103,000	108,783	115,000	12,000	80
Shire District	East Midlands	75,555	76,314	76,925	1,370	25
	East of England	70,244	76,681	81,144	10,900	79
	North West	64,292	72,327	74,441	10,149	36
	South East	75,805	76,639	78,583	2,778	31
	South West	57,632	72,548	78,668	21,036	69
	West Midlands	61,875	71,605	75,730	13,855	59
	Yorkshire and Humber	62,136	69,000	83,357	21,221	20

Again there is a strong positive correlation between the size of the working age population and tier 2 pay, as shown in Table 10. The banded groups also show a lower interquartile range (the difference between the upper and lower quartile) than the groups in Table 9: Tier 2 average pay by region and single tier/county and shire district9.

The smaller level of variance in the groupings, supports the suggestion that different approaches to benchmarking (moving away from regional distinctions to more nuanced methods) may lead to more useful results.

Table 10: Tier 2 average pay by working age population and single tier/county and shire district

		Lower Quartile (£)	Median (£)	Upper Quartile (£)	Inter - Quartile Range (£)	Ungrossed Base (posts)
Working Age Population - Banded	Shire County/Single tier: < 100000	90,437	99,669	104,627	14,190	105
	Shire County/Single tier: 100000 - 175000	104,021	109,375	116,667	12,646	218
	Shire County/Single tier: 175000 - 250000	110,883	115,472	126,587	15,704	123
	Shire County/Single tier: 250000 - 325000	123,998	125,000	125,765	1,767	28
	Shire County/Single tier: >325000	120,492	125,957	130,787	10,295	103
	Shire District: < 50000	61,750	74,441	75,546	13,796	58
	Shire District: 50000 - 60000	71,912	75,522	76,425	4,513	72
	Shire District: 60000 - 70000	71,605	76,414	76,857	5,252	57
	Shire District: 70000 - 80000	73,125	76,639	77,736	4,611	57
	Shire District: >80000	74,911	79,435	83,507	8,596	75

Tier 3 and 4 average pay

Note: All figures in this section are ungrossed and so may be affected by response bias.

Tier 3 posts report directly to tier 2 posts and tier 4 report directly to tier 3 posts. The average median pay at tier 3 is highest in London (£91,879), followed by Shire Counties (£85,052), with the trends across authority types mirroring those at tiers 1 and 2 as shown in Table 11.

Table 11: Tier 3 ungrossed pay by type of authority

	Lower Quartile (£)	Median (£)	Upper Quartile (£)	Interquartile Range (£)	Ungrossed Base (posts)
English Unitary	73,150	80,132	86,593	13,443	451
London Borough	84,015	91,879	98,438	14,423	343
Met District	75,225	83,549	88,446	13,221	357
Shire County	79,079	85,052	96,900	17,821	197
Shire District	55,676	59,554	66,582	10,906	436
Welsh Unitary	65,246	73,298	84,831	19,585	134
Total	67,575	79,635	87,554	19,979	1,918

There is a strong positive correlation between the size of the working age population and tier 3 pay in single tier/counties, as shown in Table 10: Tier 2 average pay by working age population and single tier/county and shire district¹⁰, but this does not hold true for districts.

Table 12: Tier 3 average pay by working age population and single tier/county and shire district

		Lower Quartile (£)	Median (£)	Upper Quartile (£)	Inter - Quartile Range (£)	Ungrossed Base (posts)
Working Age Population - Banded	Shire County/Single tier: < 100000	68,085	75,166	80,497	12,412	236
	Shire County/Single tier: 100000 - 175000	73,425	82,032	87,550	14,125	493
	Shire County/Single tier: 175000 - 250000	79,560	85,802	93,589	14,029	451
	Shire County/Single tier: 250000 - 325000	85,000	86,855	93,051	8,051	85
	Shire County/Single tier: >325000	79,625	88,496	96,900	17,275	217
	Shire District: < 50000	55,104	61,620	63,954	8,850	42
	Shire District: 50000 - 60000	50,766	56,109	62,500	11,734	97
	Shire District: 60000 - 70000	56,355	56,789	61,200	4,845	70
	Shire District: 70000 - 80000	53,188	57,500	62,500	9,312	74
	Shire District: >80000	56,500	62,210	68,361	11,861	153



The average median pay at tier 4 is highest in Shire Counties (£83,126), followed by London Boroughs (£75,484). While Shire Districts still have the lowest average pay (£57,120), English Unitaries are only slightly higher (£57,500) as shown in Table 13.

Table 13: Tier 4 ungrossed pay by type of authority

	Lower Quartile (£)	Median (£)	Upper Quartile (£)	Interquartile Range (£)	Ungrossed Base (posts)
English Unitary	53,283	57,500	62,025	8,742	286
London Borough	64,020	75,484	84,667	20,647	22
Met District	54,887	62,973	80,000	25,113	255
Shire County	72,704	83,126	89,986	17,282	46
Shire District	45,122	57,120	61,512	16,390	95
Welsh Unitary	62,500	66,256	72,500	10,000	33
Total	53,283	59,359	71,156	17,873	737



Senior job roles

In addition to tiers Epaycheck also collected data on the generic job roles for each post:

- ✓ Chief Executive/Head of Paid Services
- ✓ Deputy Chief Executive (or equivalent)
- ✓ Corporate/Executive/Strategy Director
- ✓ Director
- ✓ Assistant Director
- ✓ Head of Service

The number of posts reported under each job role is provided in Table 14. Data is not presented for Chief Executives (as this was essentially the same as tier 1¹³ and we felt it would confuse reporting) or Deputy Chief Executives (as the response was too low to enable meaningful analysis).

Table 14: Response by generic senior job role

	Post count	% of total posts
Chief Executive / Head of Paid Services	251	6%
Deputy Chief Executive (or equivalent)	77	2%
Corporate/Executive/Strategic Director	388	10%
Director	714	18%
Assistant Director	707	17%
Head of Service	1,935	48%

Average annual salaries for all senior job roles were higher in London Boroughs than any other type of authority, ranging from £133,725 for Executive Directors to £84,667 for Heads of Service as shown in Table 15. The lowest average salaries are found within Shire Districts, ranging from £75,388 for Executive Directors to £58,511 for Heads of Service.

Table 15: Senior job roles ungrossed median pay by type of authority

	Executive Director	Director	Assistant Director	Head of Service
English Unitary	116,793	96,900	80,916	62,025
London Borough	133,725	102,977	89,869	84,667
Met District	113,384	91,377	82,414	62,973
Shire County	125,983	100,000	86,700	75,013
Shire District	75,388	77,148	61,200	58,511
Welsh Unitary	92,000	108,947	80,000	66,141
Total	108,678	93,589	82,414	63,226
Base (posts)	388	714	707	1,953

13 With the exception of 6 Executive Directors.

While London is typically the highest paying region, East of England has the highest pay for Directors (£117,209) in single tier/counties, as shown in Table 16, followed by Wales (£108,947).

Table 16: Senior job roles ungrossed median pay by region and single tier / county and shire district

	Region	Executive Director	Director	Assistant Director	Head of Service
Shire County/Single Tier	East Midlands	125,983	83,456	83,346	53,655
	East of England ¹⁴	-	117,209	87,500	70,261
	London	133,725	102,977	89,869	84,667
	North East	115,383	101,000	78,020	65,000
	North West	110,000	90,497	80,000	62,973
	South East	124,605	99,460	83,126	76,569
	South West	125,000	96,463	82,049	65,101
	Wales	92,000	108,947	80,000	66,141
	West Midlands	118,892	95,931	82,850	68,935
	Yorkshire and Humber	113,109	82,720	83,681	75,480
Shire District	East Midlands	77,500	-	-	59,158
	East of England	-	80,505	67,382	61,360
	North West	72,327	68,985	50,070	50,271
	South East	-	79,741	66,582	60,707
	South West	79,458	-	61,200	52,347
	West Midlands	75,388	65,250	-	61,079
	Yorkshire and Humber	68,000	72,000	-	55,725
	Base (posts)	368	697	699	1,935

NB: Pay data has been suppressed for any groups where base was less than ten.

Areas of responsibility

Note: New filters have been added to Epaycheck for the statutory roles of Director of Children’s Services, Director of Adult Social Services, Monitoring Officer, Section 151 Officer and Director of Public Health. This data was not available for this report, but is included in live Epaycheck data reports.

The biggest challenge in accurately interpreting the data on areas of responsibility (for example “finance”) was identifying where the function was driving the level of pay and where it was an additional element of a wide-ranging role.

Area of responsibility was provided for 57% of all posts in the available data. Of those, the majority (60%) indicated a single area of responsibility. However, almost one tenth (9%) of posts had six or more areas of responsibility.

Due to the spread of the remaining responses, posts which had six or more areas of responsibility made up over a third of all respondents (see Table 17).

Table 17: Number of areas of responsibilities reported by area of responsibility

Area of Responsibility	1	2-3	4-5	=>6	Base
Finance	42%	19%	9%	31%	631
Children and Young People Social Care	57%	14%	4%	25%	499
Environmental Health	23%	29%	9%	39%	495
Governance-Democratic Services	12%	36%	11%	41%	483
Legal Services	15%	34%	11%	39%	480
ICT	23%	25%	11%	41%	465
Housing Services inc Housing mgt only	13%	34%	12%	41%	431
Adult Social Care	47%	20%	4%	29%	419
Building Control	22%	26%	9%	44%	399
Transformation	20%	24%	11%	45%	384
Housing Services inc. repairs maintenance direct stock	7%	32%	12%	49%	281
Trading Standards	9%	28%	10%	53%	250

Given the difficulties with accurately assessing the impact on pay of each particular area of responsibility, we have focused only on Adult and Children Social Care. This is because they are likely to be the primary area of responsibility (as illustrated by the highest percentages of single responsibilities in Table 17: Number of areas of responsibilities reported by area of responsibility¹⁷), but also as there is likely to be some comparability of functional responsibility despite different structural settings.

Table 18 shows the percentage of tier 2 and 3 roles that have either adults or children and young people (CYP) social care responsibilities that also have responsibilities in other areas. Over half of all tier 2 posts with a responsibility for either adult or CYP social care had responsibility in both areas. Adult social care was slightly more likely to include other areas of responsibility than CYP social care, with housing services, environmental health and trading standards the most frequently identified. Apart from roles with responsibility in both areas of social care, tier 3 posts are unlikely to have responsibility in any other areas.

Table 18: Adult and CYP roles that include other areas of responsibility

	Tier 2		Tier 3	
	Adult Social Care	CYP Social Care	Adult Social Care	CYP Social Care
Children and Young People Social Care	53%	-	17%	-
Adult Social Care	-	51%	-	15%
Housing Services inc. Housing mgt only	25%	19%	4%	2%
Housing Services inc. maintenance	19%	14%	3%	1%
Environmental Health	16%	14%	2%	1%
Trading Standards	17%	13%	1%	1%
Transformation	13%	10%	3%	2%
Finance	9%	10%	1%	1%
Governance-Democratic Services	10%	9%	1%	1%
<i>Base (posts)</i>	<i>106</i>	<i>110</i>	<i>124</i>	<i>144</i>

Table 19 compares the median salaries for tiers 2 and 3 roles in adult and CYP social care roles. Although based on quite a small sample, it suggests that while CYP social care roles get slightly higher pay (£116,113 at tier 2 compared to £114,623 for adults), this difference is not statistically significant.

Table 19: Median salary of tier 2 and 3 Adult and CYP social care roles

	Tier 2		Tier 3	
	Median (£)	Base	Median (£)	Base
Both Adult and CYP social care	120,371	56	88,274	21
Adult Social Care	114,623	106	82,610	124
Children and Young People Social Care	116,113	110	83,595	144

Salary ranges

This section provides an analysis of the salary ranges (the difference between the maximum and minimum salary) of each role as these too can be useful for benchmarking when setting salary rates.

The most common salary range across all senior job roles in England and Wales is £5,001 - £10,000 (30% of roles), followed by £0 - £5,000 (18%), while a quarter (25%) of senior roles are on a 'spot' salary (meaning the maximum and minimum were the same, as the role has a single pay rate). Just 4% of roles are in ranges over £25,000, as shown in Table 20. Spot salaries were significantly more likely to be paid to tier 1 posts than any other tier.

Table 20: Frequency of spot salaries and salary ranges by tier

	Tier 1	Tier 2	Tier 3	Tier 4	Total
Spot Salary	44%	27%	21%	27%	25%
0 - 5,000	6%	11%	15%	35%	17%
5,001 - 10,000	16%	30%	34%	26%	30%
10,001 - 15,000	14%	15%	14%	7%	13%
15,001 - 20,000	9%	6%	10%	2%	7%
20,001 - 25,000	6%	6%	3%	0%	3%
>25,000	5%	6%	4%	3%	4%
<i>Base (posts)</i> ¹⁵	<i>243</i>	<i>844</i>	<i>1,873</i>	<i>737</i>	<i>3,697</i>

Table 21 shows the percentage of roles that are receiving spot salaries by tier and authority type. Nearly two thirds (63%) of tier 1 posts in Met Districts are on spot salaries compared to just 38% of London Boroughs, who are also significantly less likely to pay spot salaries to tier 2 or 3 posts.

Table 21: Percentage of roles in receipt of spot salaries by tier and authority type

	Tier 1	Tier 2	Tier 3
English Unitary	44%	34%	17%
London Borough	38%	7%	9%
Met District	63%	44%	45%
Shire County	50%	28%	19%
Shire District	38%	23%	16%
Welsh Unitary	45%	11%	18%
<i>Base (posts)</i>	<i>243</i>	<i>844</i>	<i>1,873</i>

Salary ranges are likely to be affected by the overall pay rate for the role, with higher ranges more likely to be observed in higher paying roles. To account for this difference we have calculated the salary range as a percentage of the minimum point of the range.

15 NB: Bases will be different to pay rates, etc., as the data added from Statement of Accounts did not contain salary ranges and so has been excluded.

Table 22: Median salary range as percentage of minimum salary by tier and authority type

	Tier 1	Tier 2	Tier 3
English Unitary	8%	10%	11%
London Borough	15%	15%	18%
Met District	9%	10%	10%
Shire County	11%	14%	14%
Shire District	10%	10%	10%
Welsh Unitary	11%	9%	10%
Total	10%	10%	11%

Accounting for the overall level of pay there is little difference in the salary range across tiers, with tier 1 posts being slightly more likely to have a smaller range than tiers 2 or 3, as shown in Table 22. London Boroughs have significantly higher salary ranges than all other authority types.

Additional pay

As discussed in Methodology Annex 2, there were limitations on the level of analysis that was possible for additional pay. We have only presented information for those payments received by more than 100 posts and to base the average values for each category only on posts where a value was provided (i.e. all zero values are removed).

Table 23 shows the total number and percentage of councils who reported the most widely used additional pay elements. 47 Councils reported using essential and lease car allowance, equivalent to 18% of respondents. Just 6% of responding councils reported paying any performance related pay.

Table 23: Number and percentage of councils and posts reporting additional pay

	No of Councils	% of Respondents	Number of Posts	% of Posts Covered
Performance Related Pay	15	6%	155	4%
Essential Car Allowance	47	18%	351	9%
Lease Car Allowance	47	18%	245	6%
Other Pay	36	14%	250	6%

Table 24 shows the percentage of posts at each tier who reported receiving the most widely used additional pay elements. Only 3% of tier 1 posts received PRP, with tier 3 the most likely to receive it (although this still involves only 5% of posts). Tier 4 posts were the most likely to receive essential car allowance, while tier 1 were the most likely to receive lease car allowance.

Table 24: Percentage of posts at each tier reporting additional pay

	Performance Related Pay	Essential Car Allowance	Lease Car Allowance	Other Pay
Tier 1	3%	11%	9%	6%
Tier 2	3%	7%	6%	6%
Tier 3	5%	6%	8%	7%
Tier 4	3%	12%	2%	2%

Table 25 provides the average amounts received by the category of additional pay. The highest median amount paid was for performance related pay (£5,000) although only 155 posts reported receiving it (equivalent to just 3.8% of all posts covered).

Table 25: Average additional pay by type of additional pay

	Lower Quartile (£)	Median (£)	Upper Quartile (£)	Inter - Quartile Range (£)	Base (posts)
Performance Related Pay	4,050	5,000	6,565	2,515	155
Essential Car Allowance	963	1,239	1,239	276	351
Lease Car Allowance	3,042	3,807	4,395	1,353	245
Other Pay	1,586	3,732	6,320	4,734	250

Performance Related Pay



Essential Car Allowance



Lease Car Allowance



Other Pay



Annex 1 Glossary

Chief Executive/Head of Paid Service

This is the most senior officer role with overall management responsibility (generally the 'Head of Paid Service' or sometimes Managing Director) and is the most senior officer in a local authority, supporting the Leader of the Council and the Cabinet to set the strategic vision of the council.

Deputy Chief Executive (or equivalent)

This role will act on behalf of or represent the Chief Executive and this post will normally (but not exclusively) directly manage a service portfolio. The key distinction is that this role is a single nominated and recognised deputy to the Chief Executive and this is expressly identified in the job description.

Corporate Executive/Strategic Director

The post holder is a member of the Senior Corporate Management Team, with responsibility for contributing to corporate decision making across all areas of council business. The post will manage a portfolio of themes, directorates or service areas, reporting directly to the Chief Executive.

Director

This post operates at a strategic level. The post holder is one of a group of designated officers chosen to be responsible for significant functions, directorates or service areas. Often this is a designated statutory officer i.e. Director of Children's Services, Director of Adult Social Services, Monitoring Officer, Section 151 Officer or Director of Public Health, who controls or governs the affairs of a council, normally within a specialist area or a number of linked specialist areas. This role may report directly to the Chief Executive or a Corporate/Executive Director.

Assistant Director/Head of Service

The determination of whether there is a distinction between these two officer levels will depend upon the number of 'tiers' in the council's management structure. Both posts will operate at a strategic level with responsibility for managing specific but significant service responsibilities, and can be expected to act on behalf of, or represent, the Director within their area of specialism. Where there is only a single tier of service managers reporting to a Director level post this should be attributed as 'Assistant Director'. Where there are two tiers of senior manager meeting the definition they should be distinguished accordingly, with the Assistant Director identified as the higher tier.



Tier

The position within the council hierarchy that a job role occupies; Tier 1 is always Chief Executive/ Head of Paid Service/Managing Director (or the highest ranking position in the organisation), Tier 2 reports to Tier 1 and so on.

Grossed/Ungrossed Data

To ensure statistical accuracy the data in a sample should be representative of the total population. Non-response can cause some groups to be over-represented or under-represented. Data can be corrected for non-response by using various techniques, commonly known as grossing or weighting adjustments.

Grossed data refers to a sample of data that has had one (or more) statistical adjustments applied to ensure it is representative of the total population. The adjustments applied in this report are detailed in Methodology Annex 2.

Ungrossed data has had no adjustments applied and so is representative of the sample only, and not the total population.

Median

The Median is the 'middle number' (in a sorted list of numbers). Medians are less likely to be skewed by outlying (or abnormal) values than the Mean.

Lower Quartile

The lower quartile value is the median of the lower half of the data.

Upper Quartile

The upper quartile value is the median of the upper half of the data

Interquartile Range

The difference between the upper and the lower quartile.



Annex 2 Methodology

To ensure representative coverage we inputted data from the Statement of Accounts 2013/14 for the following councils:

- ✓ 2 East Midlands Shire Counties
- ✓ 9 East Midlands Shire Districts
- ✓ 2 North East Unitaries
- ✓ 2 North East Met Districts

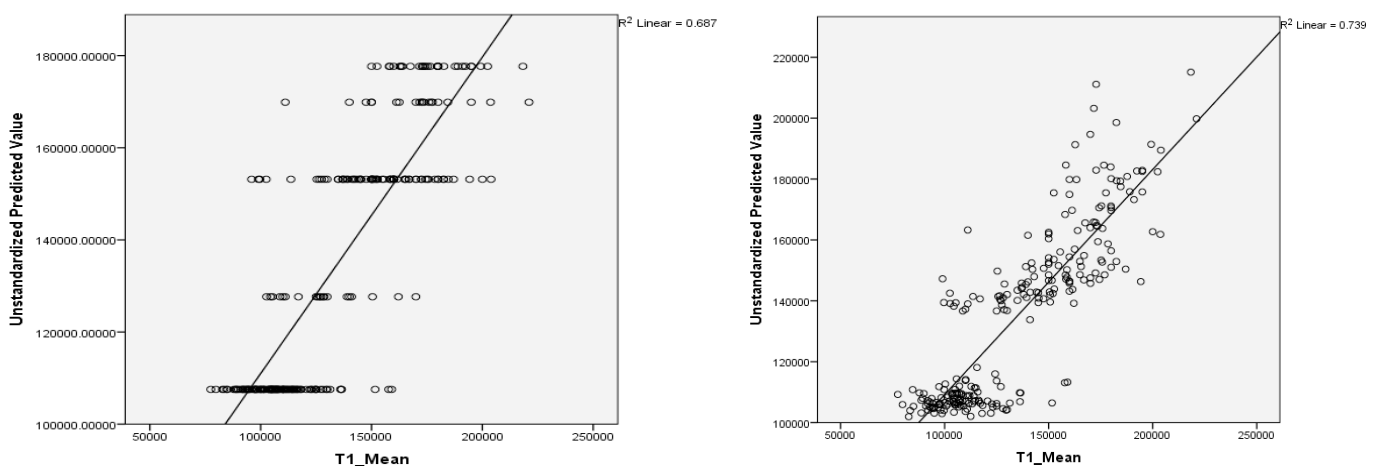
The data was cleaned to remove obvious outliers and mean average pay rates and post counts for tiers 1 and 2, by council, were produced. This data was then grossed and weighted to allow for non-response.

The data was initially grossed by using a linear regression model based on the authority type and region of each response. This model had an r squared value (predictive power) of .687. We then built a model based on a wider range of market factors, listed below, which had an r squared value of .739.

- ✓ London Borough
- ✓ Shire District
- ✓ Council employees
- ✓ Total population
- ✓ Working age population
- ✓ Median gross weekly pay
- ✓ Revenue expenditure per head

A comparison of predicted vs actual values of the two models, provided in Figure 1, highlights the benefit of more granular data to avoid arbitrary grouping of authorities.

Figure 1: Predicted vs Actual tier 1 Pay values (Type/Region Model vs Market Factors)



The regression model was used to produce a predicted average pay value for each non-responding council. For tier 1 (where there is typically only one post per council), existing data was used to account for shared Chief Executives or other arrangements. For tier 2, the grossed pay data was weighted by a grossed post-count figure to produce balanced paybill and average pay figures.

It was not possible to reliably weight the remaining tiers due to significant variation in the observed post counts. Data for the remaining tiers, job roles, salary ranges and additional pay are all presented ungrossed and unweighted (and may, therefore, be subject to response bias).

Full details of the methods employed were provided to the LGA in a separate methodology paper which is available from your **Epaycheck** regional administrator on request.

Additional pay data quality

Additional pay suffered from three main data quality challenges. Firstly, the default setting on the data entry is for 0 not for null, which meant there was no way to distinguish a non-response from a nil-response. This meant that between 95%-99% of all posts reported a value of zero for each element of additional pay. Secondly the response for additional pay elements was seemingly very low (although this was difficult to verify given the previous point), with less than a quarter of respondents providing a value that was greater than zero. Finally, the range of values provided, and the number and severity of the outliers, meant that much more stringent cleaning had to occur, and less analysis was possible.

One example of the challenges of the data quality is provided in Table 26. Essential Car Allowance had the highest response of any additional pay element, which account for 12% of posts (after cleaning). The initial data had a median of 0 and a mean of £161 due to the default zero value.

Table 26: Descriptive statistics of essential car allowance (phases of cleaning)

	Raw Data	Zeros Removed	Outliers Removed
Response Count	3,471	369	351
Minimum (£)	0	1	447
Percentile 05 (£)	0	460	460
Mean (£)	161	1,514	1,419
Median (£)	0	1,239	1,239
Percentile 95 (£)	1,239	5,303	4,818
Maximum (£)	10,500	10,500	5,611

As there is no way to tell if this is a true nil response we decided to remove all zeros and only report the additional pay values as “where some payment is received”. Even after the zeros were removed, 5% of the data still counted as an outlier.¹⁶ The cleaning had no effect on the median but reduced the mean by 6% (a clear indication of the mean being affected by outliers).



¹⁶ In this case whether 3 standard deviations away from the mean or below the 2nd percentile (which corresponded closest to the former value and allowed low outliers to be cleaned).

Annex 3 Impact of market factors

As highlighted in the methodology paper (available separately), regional variations in pay are not typically significant and provide little granularity to any benchmarking. Building upon the analysis undertaken on the aggregate data for grossing purposes, we looked to highlight whether there are market factors which can be used to produce better benchmarking models.

To do this we tested the mid-point salary for correlation with organisational and labour market data used in the regression modelling for the aggregate data. This analysis was undertaken on the mid-point salary for tiers 1 to 3, and separated Shire Districts, London Boroughs and all other Single-tier and County Councils to minimise the known effects of these authority types. Table 27 shows the strength (Pearson's Coefficient) and significance of each correlation.

Table 27: Pearson's coefficients of market characteristics to average pay (tiers 1-3)

	Counties and single tier (excluding London)			London boroughs			Shire districts		
	tier 1	tier 2	tier 3	tier 1	tier 2	tier 3	tier 1	tier 2	tier 3
Total Resident Population	.56*	.50*	.43*	-.12	.01	.07	.30*	.34*	.21*
Working Age Population	.57*	.51*	.43*	-.09	.04	.09	.31*	.34*	.22*
Working Age Population - percentage	.30*	.15*	.06	.29	.21	.05	.09	.11	.12*
Total Council Employees	.52*	.46*	.40*	-.01	.05	-.19*	.26*	.36*	.28*
Total Revenue Expenditure	.57*	.50*	.44*	.09	.10	.03	.38*	.44*	.26*
Total Revenue Expenditure per Head of Population	-.41*	-.38*	-.18*	.49*	.27	-.09	.24	.29*	.18*
Total Employee Expenditure	.52*	.44*	.39*	-.06	.04	-.07	.38*	.48*	.26*
Employee Costs as percentage of Total Costs	.20	.07	-.07	-.19	-.01	-.13	.11	.18*	.10
Median Annual Pay (residence)	.08	.05	.05	.06	.08	.21*	.28*	.22*	.22*
Median Gross Weekly Pay (work base)	.17	.06	.09*	.14	.28*	.04	.13	.09	.09
Average Monthly Rent for 2 Bed Property	-.03	.03	-.02	.29	.25	.17*	.30*	.26*	.39*
Housing Affordability Ratio	-.13	.02	-.01	.23	.13	.13	.16	.12	.36*
Average IMD Score	.04	-.03	.00	-.03	.00	-.08	-.08	-.06	-.07
Employment Rate	.00	.05	.03	-.08	.04	.12	.11	.10	.10

* Correlation is significant at the 0.01 level (2-tailed).

The range of market factors were then grouped into five categories: population, finance and workforce, whole economy pay, housing and economic factors. This was to try and avoid using variables that are too dependent on one another (e.g. resident and working age population).

Table 28 shows the count of significant (at the 0.01 level) correlations within each analysis group (e.g. a maximum of three means it is significant for each tier 1 to 3) alongside the mean average strength of the correlation¹⁷. The data in this table is provided in this format to make it easier to identify significant correlations.

Table 28: Correlation of market characteristics with levels of senior pay (tiers 1-3)

		Counties and Single tier (exc. London)	London Boroughs	Shire Districts
Population	Total Resident Population	3 (.50)	0 (.06)	3 (.28)
	Working Age Population	3 (.51)	0 (.07)	3 (.29)
	Working Age Population - percentage	2 (.17)	0 (.18)	1 (.11)
Finance and workforce	Total Council Employees	3 (.46)	1 (.08)	3 (.30)
	Total Revenue Expenditure	3 (.50)	0 (.07)	3 (.36)
	Total Revenue Expenditure per Head of Pop.	3 (.32)	1 (.28)	2 (.24)
	Total Employee Expenditure	3 (.45)	0 (.06)	3 (.37)
	Employee Costs as percentage of Total Costs	0 (.11)	0 (.11)	1 (.13)
WE Pay	Median Annual Pay (residence)	0 (.06)	1 (.12)	3 (.24)
	Median Gross Weekly Pay (work base)	1 (.11)	1 (.15)	0 (.10)
Housing	Average Monthly Rent for 2 Bed Property	0 (.02)	1 (.24)	3 (.32)
	Housing Affordability Ratio	0 (.05)	0 (.16)	1 (.21)
Economy	Average IMD Score	0 (.03)	0 (.04)	0 (.07)
	Employment Rate	0 (.03)	0 (.08)	0 (.10)

It is notable that London Boroughs display fewer significant correlations with the chosen variables than the other two groups. This may be down to a smaller variation in data between London Boroughs and the other groups (which are larger and have more variability in the characteristics of the council). The factors that have the strongest correlations for each group have been highlighted in bold.

This provides a good illustration that the factors that may affect pay levels (and therefore act as useful indicators in benchmarking) vary between the types of council.

Instead of comparing councils simply by region or authority type, it would be beneficial to assess which factors are most influential for each individual council, and then find those councils which have similar characteristics. This “nearest neighbour” model of benchmarking would provide councils with a more accurate and statistically robust way to benchmark.

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LGA and produced by Myriad Research Limited.