



Midlands Councils' Spending Uncovered 3 | 18 January 2012

## Middle Management Pay

This third report<sup>1</sup> in the Midlands Councils' Spending Uncovered series shows how spending on middle and senior managers has increased. The TaxPayers' Alliance can reveal that the number of Midlands Council employees receiving £50,000 a year or more (not including pension contributions) has gone up despite a public sector pay freeze.

Many staff in the private sector have had to take pay cuts over the last few years as they bore the brunt of the recession. While redundancies are a factor in the increase in Midlands Councils staff receiving £50,000 or more, the wider growth in the cost and number of employees over this level is revealing.

Council Tax has almost doubled over the last 10 years and some local authorities are threatening to increase it further in the next few years, despite Government incentives to freeze it.

The key findings of this research are:

- The estimated total bill for local authority staff in the Midlands on £50,000-plus remuneration packages was over **£465 million** in 2010-11. This is an increase of more than **14 per cent** since 2009-10.
- The number of staff on £50,000-plus packages has increased by **759** in the last financial year – from 6,403 in 2009-10 to 7,162 in 2010-11. This is an increase of more than **12 per cent**.
- Some of this increase can partly be explained by a rise in the number receiving significant redundancy payments. When stated redundancies are subtracted, the increase is **8 per cent**.
- **Nottinghamshire** County Council paid 679 staff £50,000 or more in 2010-11, an increase of 202 from 2009-10. This cost local taxpayers over **£45 million**, or £58 per head of local population.
- **Warwickshire** County Council and **Worcestershire** County Council cover very similar sized populations, but Warwickshire had **over 4 times** as many staff receiving £50,000 or more than Worcestershire.

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<sup>1</sup> Midlands Councils Spending Uncovered 1: <http://www.taxpayersalliance.com/midlandsflights.pdf>  
Midlands Councils Spending Uncovered 2: <http://www.taxpayersalliance.com/suspensions.pdf>

- **Stoke-on-Trent** City Council spent £99.41 per head of local population on employees on £50,000 or more, the highest in the Midlands.
- **Nottinghamshire** County Council and **Derbyshire** County Council also cover very similar sized populations, but Nottinghamshire had **nearly 5 times** as many staff on £50,000 or more as Derbyshire.
- **Birmingham** City Council spent nearly than **£37 million** on employees who received £50,000 or more in 2010-11.
- **Leicestershire** County Council, which covers nearly 400,000 fewer residents than Birmingham, spent nearly **£35 million**.
- **Shropshire** Council increased the number of staff on £50,000-plus by 95 in the last financial year, and the cost rose from £11 million to nearly **£18 million**.
- **Sandwell** Council's spend on staff receiving £50,000-plus rose from £6.7 million in 2009-10 to **£11.4 million** in 2010-11.
- **North East Derbyshire** District Council **more than doubled** its spend on staff receiving £50,000-plus in 2010-11.

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## Sources and Methodology

- This report was compiled using data gathered directly from local authorities' 2010-11 annual Statement of Accounts. In some instances we referred to the 2009-10 accounts. Local authority Statement of Accounts record remuneration over £50,000, including bonuses, benefits in kind and termination payments, but excluding pension contributions.
- Some councils include pension contributions or teachers in their disclosure of employees who earn £50,000 or more. When this is the case, it is indicated in the notes.
- This report analyses payments to councils staff and not teachers. Most councils separate out payments to council staff from payments to teachers. A small number of councils do not, however. When this is the case, a note is attached to our data indicating that this is the case.
- Some council accounts indicate how many staff were in the remuneration brackets because of redundancy payments. Again, we have indicated this in the notes, in order to fairly contextualise disproportionately big year on year increases or decreases. Many redundancies were made in 2009-10, as well as 2010-11, although accounts for both financial years did not always provide the same quality of information for 2009-10 as they did for 2010-11. Below is a list of councils that explicitly identified those on the headcount that were there due to redundancies:

Council	2009-10	2010-11
Amber Valley	1	-
Ashfield	-	1
Daventry	3	2
Lincolnshire	9	30
Newark and Sherwood	-	1
Rugby	-	1
Sandwell	-	69
Shropshire	28	25
South Northamptonshire	-	5
Stoke on Trent		62
Telford and Wrekin	7	9
Warwick	4	-
Warwickshire	-	70
<b>Total:</b>	<b>52</b>	<b>275</b>

- Other councils indicated that redundancies contribute to the overall figures, but did not indicate how many in either 2009-10 or 2010-11:

Council
Derby
East Staffordshire
Herefordshire
Leicester
Nottinghamshire
Rutland
Staffordshire
Staffordshire Moorlands
Wolverhampton

- Where audited and final accounts were not available on local authority websites, the unaudited draft accounts were used.
- Local authorities disclose data of employees who earn more than £50,000 in £5,000 bandings. To arrive at a total estimated cost of these employees the mid-point of each remuneration band is multiplied by the number of people in that band. The total cost is then a simple sum of each local authority.
- A shared management structure between Bromsgrove District Council and Redditch Borough council came into being in 2010-11. In 2010-11 4 members of the senior management team were employed by Bromsgrove council and 2 by Redditch with 50 per cent of the salaries recharged to the other authority. For the purposes of our report, the employees have been entered in the data corresponding to their employing authority.
- High Peak Borough Council and Staffordshire Moorlands District Council entered a Strategic Alliance on 1st July 2009 to share the responsibilities and costs of the Chief Executive, Executive Directors and Heads of Services. For the purposes of our report, the employees have been entered in the data corresponding to their employing authority.
- Population data, broken down by local authority, was taken from the Office for National Statistics mid-2010 estimates (<http://www.ons.gov.uk/ons/publications/all-releases.html?definition=tcm:77-22371>)
- Some councils provided detailed information on the number of redundancies that contributed to the headcounts over £50,000 in their Statement of Accounts. They are as follows:

Table 2: Top 20 cost per head of local population of employing staff on over £50,000 in 2010-11

Council	2009-10		2010-11		Change in number	Population	2010-11 cost per head (£)
	Number	Cost (£)	Number	Cost (£)			
Stoke-on-Trent	270	17,370,000	356	23,865,000	86	240,072	99.41
Leicester	379	23,952,500	403	25,637,500	24	306,631	83.61
Derby	217	13,417,500	288	18,990,000	71	246,855	76.93
Dudley	327	20,177,500	372	22,880,000	45	307,362	74.44
Warwickshire	446	27,235,000	524	33,740,000	78	535,982	62.95
Shropshire	190	11,615,000	285	17,727,500	95	293,378	60.43
Nottingham	295	18,947,500	300	18,390,000	5	306,697	59.96
Nottinghamshire	477	29,907,500	679	45,232,500	202	779,890	58.00
Solihull	202	12,155,000	193	11,872,500	-9	206,091	57.61
Staffordshire	709	43,602,500	761	47,227,500	52	831,290	56.81
Leicestershire	527	32,687,500	563	34,962,500	36	648,748	53.89
Sandwell	103	6,767,500	173	11,462,500	70	292,799	39.15
Wolverhampton	119	7,632,500	137	9,232,500	18	239,354	38.57
Coventry	145	10,027,500	167	11,242,500	22	315,739	35.61
Birmingham	594	36,890,000	575	36,802,500	-19	1,036,878	35.49
Rutland	14	945,000	19	1,332,500	5	38,559	34.56
Telford & Wrekin	81	5,042,500	72	4,817,500	-9	162,613	29.63
Walsall	100	7,290,000	93	6,267,500	-7	256,898	24.40
Herefordshire	47	3,692,500	58	3,975,000	11	179,297	22.17
Lincolnshire	170	10,905,000	195	13,117,500	25	703,008	18.66

Table 3: Details of all employees receiving remuneration equal to and more than £50,000 per annum (excluding pension contributions), across all 78 Midlands local authorities

Council	2009-10		2010-11		Change in number	Population	Cost per head (£) 2010-11	Note
	Number	Cost (£)	Number	Cost (£)				
Amber Valley	5	362,500	6	410,000	1	121,590	3.37	1
Ashfield	7	522,500	9	587,500	2	117,008	5.02	2
Bassetlaw	10	745,000	10	745,000	0	111,820	6.66	
Birmingham	594	36,890,000	575	36,802,500	-19	1,036,878	35.49	
Blaby	8	560,000	10	705,000	2	94,021	7.50	
Bolsover	6	395,000	5	347,500	-1	74,572	4.66	
Boston	6	385,000	5	377,500	-1	59,042	6.39	
Bromsgrove	11	817,500	8	705,000	-3	93,441	7.54	
Broxtowe	9	602,500	10	655,000	1	111,818	5.86	
Cannock Chase	12	860,000	11	757,500	-1	94,674	8.00	
Charnwood	20	1,500,000	19	1,687,500	-1	166,827	10.12	3
Chesterfield	17	1,082,500	8	555,000	-9	101,036	5.49	
Corby	11	717,500	10	760,000	-1	55,833	13.61	
Coventry	145	10,027,500	167	11,242,500	22	315,739	35.61	
Daventry	11	767,500	13	967,500	2	78,959	12.25	4
Derby	217	13,417,500	288	18,990,000	71	246,855	76.93	5
Derbyshire	116	7,560,000	139	8,802,500	23	763,724	11.53	6
Derbyshire Dales	7	537,500	7	547,500	0	70,389	7.78	
Dudley	327	20,177,500	372	22,880,000	45	307,362	74.44	7
East Lindsey	18	1,270,000	12	885,000	-6	141,633	6.25	8
East Northamptonshire	11	707,500	9	677,500	-2	85,251	7.95	
East Staffordshire	16	1,035,000	20	1,535,000	4	109,447	14.03	9
Erewash	10	695,000	8	570,000	-2	111,300	5.12	
Gedling	9	627,500	9	642,500	0	113,158	5.68	
Harborough	4	290,000	8	500,000	4	84,012	5.95	
Herefordshire	47	3,692,500	58	3,975,000	11	179,297	22.17	10
High Peak	5	362,500	7	502,500	2	92,609	5.43	
Hinckley and Bosworth	10	740,000	8	625,000	-2	105,082	5.95	
Kettering	16	1,130,000	14	1,025,000	-2	90,631	11.31	
Leicester	379	23,952,500	403	25,637,500	24	306,631	83.61	11
Leicestershire	527	32,687,500	563	34,962,500	36	648,748	53.89	
Lichfield	8	610,000	9	677,500	1	98,686	6.87	
Lincoln	17	1,147,500	18	1,255,000	1	89,668	14.00	
Lincolnshire	170	10,905,000	195	13,117,500	25	703,008	18.66	12
Malvern Hills	9	652,500	7	542,500	-2	75,381	7.20	
Mansfield	10	675,000	11	747,500	1	99,635	7.50	
Melton	4	285,000	4	275,000	0	49,475	5.56	
Newark and Sherwood	9	707,500	10	765,000	1	113,620	6.73	13

Council	2009-10		2010-11		Change in number	Population	Cost per head (£) 2010-11	Note
	Number	Cost (£)	Number	Cost (£)				
Newcastle-under-Lyme	8	575,000	11	707,500	3	124,493	5.68	
North East Derbyshire	6	430,000	15	1,147,500	9	98,315	11.67	
North Kesteven	10	690,000	11	752,500	1	106,432	7.07	
North Warwickshire	10	665,000	10	635,000	0	61,872	10.26	
North West Leicestershire	11	747,500	11	847,500	0	90,783	9.34	
Northampton	30	2,110,000	29	2,127,500	-1	212,130	10.03	
Northamptonshire	171	11,442,500	118	7,900,000	-53	687,319	11.49	
Nottingham	295	18,947,500	300	18,390,000	5	306,697	59.96	14
Nottinghamshire	477	29,907,500	679	45,232,500	202	779,890	58.00	15
Nuneaton & Bedworth	14	1,015,000	12	795,000	-2	122,181	6.51	
Oadby and Wigston	2	170,000	4	300,000	2	58,548	5.12	
Redditch	13	947,500	7	537,500	-6	78,666	6.83	16
Rugby	9	637,500	9	652,500	0	94,188	6.93	17
Rushcliffe	12	875,000	10	780,000	-2	112,831	6.91	
Rutland	14	945,000	19	1,332,500	5	38,559	34.56	18
Sandwell	103	6,767,500	173	11,462,500	70	292,799	39.15	19
Shropshire	190	11,615,000	285	17,727,500	95	293,378	60.43	20
Solihull	202	12,155,000	193	11,872,500	-9	206,091	57.61	21
South Derbyshire	11	772,500	12	1,120,000	1	93,913	11.93	
South Holland	11	767,500	9	862,500	-2	84,561	10.20	22
South Kesteven	10	705,000	11	792,500	1	132,271	5.99	
South Northamptonshire	11	972,500	13	977,500	2	88,782	11.01	23
South Staffordshire	13	847,500	15	982,500	2	106,592	9.22	24
Stafford	11	792,500	11	807,500	0	125,968	6.41	
Staffordshire	709	43,602,500	761	47,227,500	52	831,290	56.81	25
Staffordshire Moorlands	11	922,500	13	1,067,500	2	95,427	11.19	26
Stoke-on-Trent	270	17,370,000	356	23,865,000	86	240,072	99.41	27
Stratford-on-Avon	13	862,500	12	1,025,000	-1	118,985	8.61	
Tamworth	13	907,500	13	922,500	0	76,003	12.14	
Telford & Wrekin	81	5,042,500	72	4,817,500	-9	162,613	29.63	28
Walsall	100	7,290,000	93	6,267,500	-7	256,898	24.40	
Warwick	14	990,000	15	977,500	1	138,756	7.04	29
Warwickshire	446	27,235,000	524	33,740,000	78	535,982	62.95	30
Wellingborough	7	562,500	13	832,500	6	75,733	10.99	31
West Lindsey	9	612,500	9	577,500	0	89,401	6.46	
Wolverhampton	119	7,632,500	137	9,232,500	18	239,354	38.57	32
Worcester	9	697,500	9	567,500	0	94,763	5.99	

Council	2009-10		2010-11		Change in number	Population	Cost per head (£) 2010-11	Note
	Number	Cost (£)	Number	Cost (£)				
Worcestershire	125	8,157,500	110	7,160,000	-15	557,426	12.84	
Wychavon	9	727,500	7	537,500	-2	117,028	4.59	
Wyre Forest	6	530,000	6	460,000	0	98,147	4.69	
<b>Total:</b>	<b>6,403</b>	<b>408,742,500</b>	<b>7,162</b>	<b>465,462,500</b>	<b>759</b>			
<b>Increase:</b>			<b>759</b>	<b>56,720,000</b>				

Table 4: Notes to table 3

No.	Note
1	1 Employee was made redundant in 2009-10
2	In 2010-11 1 employee received a redundancy payment
3	One in 52.5 is part-time and this is their annualised salary
4	In 2009-10 3 employees received redundancy payments and in 2010-11 there were 2.
5	The Council carried out a Council-wide voluntary redundancy programme which resulted in 430 employees leaving the organisation during 2010-11
6	The increase in the number of officers between 2009-10 and 2010-11 in the lower bands is due to the implementation of Single Status. Although Single Status has resulted a new pay structure, those employees incurring a pay reduction have been given a three year protection resulting in affected employees staying in the same banding as presented in 2009-10. However any employee that was not negatively affected in this way that has benefited from a pay increase to a salary above £50,000 will also be included in the bandings. The position that will be reported in 2012-13 will be the final year affected by the pay protection.
7	In 2010-11 26 members of staff received payments in addition to normal remuneration.(2009-10 = 10).
8	In 2010-11 there was one redundancy
9	Largely from restructuring
10	In 2009-10 the council made 61 redundancies and 2010-11 67. It is not made clear if any of the employees listed here were made redundant.
11	In 2008/09 the Council approved a significant efficiency programme aimed at reducing the cost to the authority of many of its back-office functions. The programme is now well established and a number of reviews were largely completed during the year. Inevitably this resulted in a more than usual amount of one-off termination costs.
12	9 staff received termination payments in 2009-10, 30 staff in 2010-11
13	2010-11 figure includes 1 employee who was made redundant
14	The Council terminated the contracts of a number of employees in 2010/11, incurring liabilities of £2.848m (£7.157m in 2009/10). The reduction in cost from 2009/10 is due to fewer employees affected and a reduction in the average amount payable. This cost related to 143 (229 in 2009/10) employees throughout the Council as part of the workforce reduction process. At 31 March 2011, there were 74 employees whose contracts were expected to be terminated in early 2011/12 at a cost of £1.820m for which a provision has been made.
15	The figures for Nottinghamshire might include school staff, no distinction was made in their accounts. The large increase in the number of staff included in the table for 2010-11 is due to redundancy payments made in the year which are included in total remuneration
16	From 20 April 2010 Redditch Borough Council and Bromsgrove District Council have employed a joint management team, all the costs of this are shared equally. The employees entered for Redditch are all those legally employed by this authority and the employees legally under employment at Bromsgrove have been entered under Bromsgrove.
17	The 2010-11 data includes one employee who left during the 2010-11 financial year.
18	The Authority terminated the contracts of a number of employees in 2010/11, incurring liabilities of £942,266. Of this total £39,516 is payable to the Director of Community Services in the form of compensation for loss of office as disclosed in note 35, and enhanced pension benefits of £135,237. The remaining £767,513 is payable to and on behalf of 53 employees who were made redundant as part of a major reorganisation.
19	The 2010-11 figure includes 69 employees who received redundancy payments, Excluding redundancy payments 104 staff would have earned more than £50,000 in 2010-11
20	It was not entirely clear from Shropshire Council's accounts whether employees who had received redundancy payments were included in their table containing remuneration band and headcount. To avoid double counting we have omitted the redundancy table which contained 28 employees for 2009-10 and 25 employees for 2010-11. Ref: pg. 90-91
21	Includes Teachers
22	From August 2010 50% of Chief Exec remuneration covered by Breckland DC
23	Includes five redundancy payments (10-11)
24	Includes pension contributions
25	Includes teachers and severance payments
26	Shares senior officers with High Peak DC. Includes one employee who receives a termination payment but it is not clear for which year it applies.

No.	Note
27	Includes 62 employees in receipt of compensatory payments for redundancy which has moved their remuneration into the >£50k banding (10-11)
28	The 2010/11 figures include 9 employees (7 in 2009/10) who became redundant or retired during the year (including the person in the £190,000 to £194,999 band).
29	Includes 4 redundancies in 2009-10
30	Includes 70 redundancies in 2010-11
31	The number of employees in salary bands £80,000-£84,999 and £90,000-£94,999 relate to employees who left the Council in 2009-10 and received compensation for loss of office. Also in 2009/10 the employee in salary band 85,000 - £89,999 relates to the Deputy Chief Executive who left this post in June 2010 to take up the position of Chief Executive.
32	The total number of employees falling within the various bands is affected by termination/redundancy payments made to certain employees