

APPENDIX 1

Southwark Council – Pay Policy Statement

The Localism Act 2011 requires the council to publish a pay policy statement for each financial year.

This statement relates to year 2014 -15 and it is approved by Council Assembly.

Scope

The statement describes our policies towards the pay of top managers (referred to in the Act as “chief officers”) and our approach to the pay of our lowest paid employees. Provisions in the Act do not apply to the staff of local authority schools.

Under the Act a “chief officer” is defined as:

- The head of the authority’s paid service designated under section 4(1) of the Local Government and Housing Act 1989
- Its monitoring officer designated under section 5(1) of that Act
- A statutory chief officer mentioned in section 2(6) of that Act
- A non-statutory chief officer mentioned in section 2(7) of that Act
- A deputy chief officer mentioned in section 2(8) of that Act.

In Southwark, this would apply to the Chief Executive, Strategic Directors and Divisional Heads. We refer to these as “top managers”. This includes the Director of Public Health and the Assistant Directors of Public Health who joined the council from NHS Public Health on 1st April 2013 under the transfer scheme, with TUPE like protection. As such, existing employees retain their NHS salaries and terms and conditions of employment. This approach is mandatory on the council. The characteristics of the pay packages of these postholders therefore differ from other top managers in the council. They are excluded from the description that follows; details on these postholders are noted in “Supplementary information – Public Health” below.

Remuneration

For existing top managers the term remuneration is used to describe salary, performance related pay, expenses and other monetary allowances or benefits.

The council does not employ top managers under a contract for services, (people who are self employed), and therefore remuneration for such arrangements is not described. All top manager employees are paid via the council's payroll with appropriate tax and National Insurance deductions made in accordance with HMRC regulations.

Salary

In Southwark posts, including top managers, are job evaluated using a single system (Hay) to determine the job size. All job evaluation results for top managers are scrutinized by independent experts at the Hay Group.

The job size determines a job’s placement against the pay spine, through a grading structure.

The pay spine is increased in accordance with pay award settlements determined by the National Joint Council for Local Authorities Services. The last pay award was effective, 1st April 2013; in addition Southwark has introduced special arrangements for its lowest paid workers as described below. Any pay award for 2014/15 which is determined by the National Joint Council for Local Authorities Services will be applied to all relevant employees without further referral to Council Assembly.

Individual staff are paid within the grade. People may move through the grades by incremental progression; subject to how well they have performed.

Flexibility allows the payment of market factor supplements; subject to justification against external data and with annual review.

For posts grade 16 and above, specific benefits up to a financial cap may be taken in kind, (e.g. season ticket purchase, car leasing), or paid as an addition to salary. For top managers the annual financial value of such benefits in 2014/15 will be £3,434 - £6,067; dependent on grade. The rates for car leasing have been frozen since 2006 and car leasing arrangements have been closed to top managers joining the organisation since 2007.

Performance Related Pay, Other Payments & Expenses

Top managers' contractual terms include performance related pay (PRP). The award of PRP directly links to business outcomes. Each year work plans are agreed identifying corporate, service and personal targets from which achievements can be measured and award judged. Decisions are made by the organisational "parent" with the Leader of the Council responsible for determining PRP for the chief executive.

With the exception of standby payments made to a limited number of posts in social care, no additional allowances are paid to top managers.

Top managers are not eligible to receive overtime for excess hours worked. In line with all other (non teaching) staff their full time equivalent weekly hours are 36. However, for top managers the contract of employment states this as a minimum and individuals are required to do whatever hours are necessary to get the job done, with no additional payment. Where hours are worked outside "normal office hours"; top managers do not receive enhancements nor shift allowances which other staff on NJC conditions for Local Authorities Services may be entitled.

Top managers do not receive an expenses allowance. In line with all other staff, where essential expenses are incurred in the performance of their duties, costs can be reclaimed, where these are reasonable and public money is being used prudently.

Fees for election duties

Council staff can be employed on election duties of varying types. The fees paid to Council employees for undertaking these election duties varying according to the type of election they participate in, and the nature of the duties they undertake.

Returning Officer duties (and those of deputy returning officers) are contractual requirements and fees paid to them for national elections/referendums are paid in accordance with the appropriate Statutory Fees and Charges Order and are paid by the body responsible for the conduct of the election.

New Appointments

Top Managers joining the organisation:–

- Are paid on the grade for their post.
- Join at the bottom spinal column point of the grade; unless the person can demonstrate that payment above the minimum is essential to match current earnings or to reflect experience and skills to secure engagement. No staff are paid above the grade maximum.
- Do not receive a lump sum payment on joining, sometimes referred to as “golden hellos”.
- May receive expenses relating to their home relocation where this is necessary to secure engagement.

Members have the opportunity to question all salary packages to be offered as part of the recruitment to top manager posts.

Leaving the Organisation & Pensioners

Staff leaving the council on a voluntary resignation basis do not receive a severance payment.

Top managers leaving the council on a voluntary resignation basis will receive no severance payment.

Where the council decides to terminate any employee's service on the basis of redundancy in employment law terms this is based on the facts of the case, (deletion or diminution of the post). Payment entitlements are enshrined in the council policy on redeployment redundancy and reorganisation and comprise contractual entitlements, (notice unworked, leave not taken), plus redundancy element, in accordance with the statutory table. No other discretionary elements are paid. Payments are made as a multiple of an actual week's pay. Also for those aged 55 and over, under the pension regulations they become entitled to immediate pension as earned; any costs accruing to the Council for pension payments are capital costs based on an actuarial calculation linked to service and age. In total the cost of this entitlement may add up to more than £100k due to base salary, contract terms, age and length of service, although this would be rare. Entitlements are not discretionary once a redundancy situation arises.

Where the council decides to terminate any employee's service on the basis of mutual termination on efficiency of the service grounds, the council calculates entitlements relying on the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006 and the pension regulation where over 55 years old. Should the cost of the total package exceed £100k, agreement will be obtained via Council Assembly or another properly constituted Member body, prior to finalisation

For top managers, where redundancy or mutual termination occurs information would be included in the declared salary data included in the Statement of Accounts each year. Were an employee's services to be terminated on these bases the council would not re-engage the individual on a contract for services (i.e. self employed basis).

Vacant top manager posts are recruited to in accordance with the council's recruitment policy with the overarching aim of employing on merit; to engage the best person for the job.

New recruits may be in receipt of a pension under the Local Government Pension Scheme (LGPS) e.g. as a result of service with another Authority. In such cases, the employee's pension entitlement would be abated (reduced in accordance with actuarial calculation) or capped as required under LGPS regulations. This would have no impact on the council's remuneration arrangements.

Under the LGPS Regulations eligible employees may be considered for one of the Scheme's flexible retirement options. This would include instances where the employee reduces to a part time basis or demotion. On such occasions the council's remuneration arrangements would continue as described above plus any pension payable determined by application of LGPS Regulations and that person's membership entitlements.

Lowest Paid Staff

All posts are job evaluated to determine their relative job size; the responsibilities and impact of the post, and the level of knowledge and skill required to carry out those responsibilities. Job sizes are used to determine the grade. Grades are linked to the salary scale. Staff have the potential to move through the grades by incremental progression, based on performance.

Appropriate terms and conditions, e.g. shift allowances, reflect the duties and obligations of posts in accordance with the NJC for Local Authorities Services. There are a small number of posts under different national schemes – education related, craft and retained conditions e.g. Public Health. Bonus payments are not a feature of pay arrangements. Staff are contracted to work 36 hours per week (full time equivalent). Where service provision demands that it is necessary for additional hours to be worked above the full time equivalent, overtime rates would apply. Rates are determined in accordance with NJC Conditions of Service.

Notwithstanding the application of this framework the council has determined that no employee should receive an hourly rate less than the London Living Wage; for 2014/15 the London Living Wage is £8.80 per hour. This is the baseline payment for the lowest paid staff.

Other Information

1. In addition to this statement the council publishes other information on the detail of payments. Information can be found on the Open Data section of the council's website (www.Southwark.gov.uk). This includes:-

- The council's grading structure and salary scales.
- The annual statement of accounts. This includes the numbers of people earning £50,000 per year or more in £5,000 bandings. It includes schools. The accounts also give detail, including the name, for those whose pay is £150,000 or more. This covers all remuneration elements including employer's pension contribution.

Supplementary Information Public Health

1. As noted previously in this statement, from 1 April 2013 a number of postholders transferred from NHS Public Health where the roles that they are performing for the council are captured by the definition of top managers under the Act. The Director of Public Health is a statutory role and a joint post that is shared with Lambeth Council with responsibilities across both Boroughs. The Director has four direct reports; three posts of Assistant Director, one post of Consultant in Public Health.
2. The transfer protected contractual terms and pay. Pay rates, grade ranges and scope for pay progression remain as at transfer. This is a legal requirement and not one which the council has the ability to change.
3. The Director of Public Health and three of the direct reports, are medically qualified consultants on the Consultant Contract 2003. The body that determines salary scales / pay levels for medical consultants is the Doctors and Dentist Review Body (DDRB) and medically qualified staff are on the Consultant Contract (2003). The Director of Public Health's fourth direct report, a non medically qualified public health consultant Assistant Director, transferred on Agenda for Change terms and conditions. The [NHS Employers website](#) offers transparency for both.
4. The Director of Public Health's salary comprises of the following elements:-
 - Basic - Grade range (YM66); [NHS Employers website](#)
 - London Weighting
 - On call
 - Programmed Activities (PAs), see below.
 - Population Supplement.
5. Actual earnings of the Director of Public Health will be published in the council's annual statement of accounts. The total annual earnings of the four reports to the Director will not be listed individually but for information:-
 - The actual contractual hours of these postholders range from 24 hours per week to 40 hours per week.
 - Based on contractual hours and variable elements, noted below, total annual gross earnings range from £64,715 - £115,366.
6. The key features of the consultant contract that relate to pay are:
 - **Programmed Activities (PAs).** The contract is based on a number of programmed activities (PAs) with provision for additional PAs that attract additional funding and are represented in additions to base salary. These are not pensionable.
 - **On Call.** There is provision for 'on call' premium rate payments which are in recognition of the unsociable nature of work falling outside the period of 7 am to 7 pm Monday to Friday and any time on a Saturday, Sunday or public holiday. The rate varies between 1% and 8% basic salary. Depending on the frequency of the duty and whether a call may require return to work

- **Clinical Excellence Awards** (CEAs) Clinical Excellence awards are given to recognise and reward the exceptional contribution of NHS consultants, over and above that normally expected in a job, to the values and goals of the NHS and to patient care. Information on the Clinical Excellence Awards Scheme for consultants can be found on the [Advisory Committee on Clinical Excellence Awards](#) (ACCEA) website.
 - **Pay progression** for medical consultants through the pay thresholds is determined by the number of years as a consultant at the appropriate threshold. Incremental progression is by virtue of years of service on start date anniversary and includes steps where staff mark time and receive no additional monies. Progression is served and at the discretion of the Director of Public Health.
7. The Assistant Director on [Agenda for Change](#) conditions, receives a High Cost Area Supplement (£6279 per annum) in accordance with Agenda for Change terms and conditions. There is no further scope for pay progression for this Assistant Director who is on scale maximum