

<b>Item No.</b> 6.2	<b>Classification:</b> Open	<b>Date:</b> 22 March 2023	<b>Meeting Name:</b> Council Assembly
<b>Report title:</b>		Annual Pay Policy Statement	
<b>Ward(s) or groups affected:</b>		All	
<b>From:</b>		Doreen Forrester-Brown, Assistant Chief Executive – Governance and Assurance	

## RECOMMENDATIONS

1. That council assembly approve the annual pay policy statement set out at Appendix A.

## BACKGROUND INFORMATION

2. The Localism Act 2011 (“the Act”) requires local authorities to prepare and publish a pay policy statement every year. This statement must describe the authority’s policy for the pay of its workforce, in particular its senior officers; it must also be agreed annually in advance of the forthcoming financial year.

## KEY ISSUES FOR CONSIDERATION

3. Under the requirements of the Act, the council’s pay policy statement must describe specific elements of the remuneration paid to chief officers. Chief officers are defined in accordance with the following descriptions used in the Local Government and Housing Act 1989:
  - the head of the authority’s paid service
  - the monitoring officer
  - statutory chief officers
  - non-statutory chief officers
  - deputy chief officers.
4. For Southwark Council, the roles included in this definition are the Chief Executive, Strategic Directors, Assistant Chief Executives, and Directors.
5. Nothing in the Act supersedes the council’s responsibilities and duties as an employer. Each local authority is an employer in its own right and has the autonomy to make decisions on pay as it considers appropriate. Rather, the purpose of the Act is to promote greater transparency about the pay policies and decisions of local authorities.

6. The council's annual pay policy statement is set out at Appendix A. The policy reflects the requirements of both the Act and the Local Government Transparency Code 2015.

### **Policy implications**

7. The pay policy statement is a means of explaining the council's policies about pay, with a specific focus on the pay of senior officers. As such, the adoption and publication of the pay policy statement does not, in itself, represent the introduction of a new policy or the amendment of an existing policy. Any amendments to the council's pay policies are made in line with the requirements of the council's Constitution, HR policies and Schemes of Management.

### **Community, equalities (including socio-economic) and health impacts**

8. Under section 149 of the Equality Act 2010, the council has a duty when exercising its functions to have due regard to:
  - the need to eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010
  - the need to advance equality of opportunity between persons who share protected characteristics and those who do not
  - the need to foster good relations between those who have protected characteristics and those who do not.
9. The protected characteristics are age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.
10. The publication of the council's pay policy statement supports the objectives of the Equality Act 2010 by promoting openness and transparency with regard to the council's pay arrangements. The publication of this statement does not adversely impact on any of the duties defined in the Equality Act 2010.

### **Resource implications**

11. The publication of the council's pay policy statement does not, in itself, generate any new resource implications.

### **Financial implications**

12. The publication of the council's pay policy statement does not, in itself, generate any new financial implications.

### **Consultation**

13. There is no requirement to consult on the publication of the council's pay policy statement. Any changes to the council's existing arrangements are

subject to consultation with affected employees and trade union representatives in line with the requirements of the council's Constitution, HR policies and Schemes of Management.

## **SUPPLEMENTARY ADVICE FROM OTHER OFFICERS**

### **Assistant Chief Executive – Governance and Assurance**

14. Section 38 of the Localism Act 2011 requires any relevant authority (including all local authorities) to prepare a pay policy statement for each financial year and publish it by 31 March of the year immediately preceding the period to which the statement applies. The pay policy statement must be approved by a resolution of the authority, and under the Constitution of Southwark Council, this is a matter reserved to Council Assembly.
15. The pay policy statement must set out an authority's policies across a range of issues related to the remuneration of the workforce including: the remuneration of senior managers; the remuneration of the lowest-paid employees; and the relationship between the remuneration of senior managers and that of other employees.
16. In addition, the pay policy statement must address the authority's policies towards:
  - the remuneration of chief officers
  - the remuneration of chief officers upon appointment
  - increases and additions to the remuneration of chief officers
  - the use of performance-related pay for chief officers
  - the use of bonuses for chief officers
  - the approach to the payment of chief officers upon ceasing to hold office and/or be employed by the authority
  - the publication of and access to information regarding the remuneration of chief officers.
17. Section 39 of the Act states that an authority's pay policy statement must be approved by a resolution of the authority before it takes effect. This means that a resolution must be approved by Council Assembly before 31 March 2023. Once approved, this statement must be published on the council's website and by any other means the council thinks fit. An authority can amend its pay policy statement and any amendment must also be made by the resolution of Council Assembly.
18. The adoption and publication of the pay policy statement attached at Appendix A will enable the council to discharge its obligations under sections 38 to 43 of the Act.

### **Strategic Director, Finance and Governance (FC22/052)**

19. This report is requesting Council Assembly approve the council's pay policy statement, as set out at Appendix A.

20. The Strategic Director, Finance and Governance notes that there are no immediate financial implications arising from this report.

## BACKGROUND DOCUMENTS

Background Document	Held by and Contact
N/A	N/A

## APPENDICES

No.	Title
Appendix A	Pay Policy Statement

## AUDIT TRAIL

<b>Lead Officer</b>	Doreen Forrester-Brown, Assistant Chief Executive – Governance and Assurance	
<b>Report Author</b>	Ben Plant, Director of People and Organisational Development	
<b>Version</b>	Final	
<b>Dated</b>	9 March 2023	
<b>Key Decision?</b>	No	
<b>CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER</b>		
<b>Officer Title</b>	<b>Comments Sought</b>	<b>Comments Included</b>
Assistant Chief Executive – Governance and Assurance	Yes	Yes
Strategic Director of Finance and Governance	Yes	Yes
<b>Cabinet Member</b>	Yes	Yes
<b>Date final report sent to Constitutional Team</b>		9 March 2023

## **LONDON BOROUGH OF SOUTHWARK – PAY POLICY STATEMENT**

### **Introduction**

1. The Localism Act 2011 (“the Act”) requires local authorities to prepare and publish a pay policy statement every year.
2. This statement relates to the financial year 2023-24 and is presented to Council Assembly for approval.

### **Scope of the pay policy statement**

3. This statement describes the council’s policies about the pay of senior officers (referred to in the Act as “chief officers”) and also the pay of the council’s lowest paid employees.
4. The provisions in the Act do not apply to the employees of local authority schools.
5. Under the requirements of the Act, a chief officer is defined as:
  - the head of the authority’s paid service
  - the monitoring officer
  - statutory chief officers
  - non-statutory chief officers
  - deputy chief officers
6. For Southwark Council, the roles included in this definition are the Chief Executive, Strategic Directors, Assistant Chief Executives, and Directors. These roles represent the council’s senior management. A structure chart containing these roles can be found on the [open data page of the council’s website](#).

### **Remuneration**

7. The term remuneration is used to describe the salary, expenses and other monetary benefits or allowances paid to employees.
8. All senior managers are paid via the council’s payroll – or, in the case of interim senior managers, via the council’s agency worker supplier – with appropriate tax and national insurance deductions made in accordance with HMRC regulations.
9. The council does not employ senior managers via contracts for services.

### **Pay structures and arrangements**

10. The council participates in the pay structures and arrangements negotiated via:
- the Joint National Council (JNC) for local authority chief executives
  - the JNC for local authority chief officers
  - the National Joint Council (NJC) Greater London Provincial Council (GLPC) inner London pay agreement, which applies to most posts across the council
  - a number of different national structures which cover a comparatively small number of posts, including the JNC for Craft and Associated Employees and the JNC for Youth and Community Workers

### **Grading structure**

11. All council posts, including senior manager posts, are evaluated using the Hay methodology. When senior manager posts are evaluated, independent verification is provided via the Korn Ferry Group, who are responsible for the Hay job evaluation framework.
12. The evaluation outcome for each post determines its placement on the council's grading structure. Each grade contains multiple spinal column points. Employees are able to progress up their grade on the basis of their performance, as measured once a year through the council's annual appraisal scheme.
13. The council's grading structure is attached at **Appendix 1**.
14. For posts at grade 14 and above, further benefits are available such as a season ticket, additional pension contributions or a health plan. Depending on the grade of the post, the value of this additional contribution ranges from £2,724 to £6,190.
15. Market supplements may be paid where a role is designated as "hard to fill" and there is evidence the salary offered by the council is uncompetitive, which in turn is adversely impacting on the council's ability to recruit to the role or retain an existing postholder. All market supplements are subject to a business case and regular review.

### **Other payments and expenses**

16. Senior managers are not eligible for overtime. Their contract for employment states they are required to work whatever hours are necessary to get the job done. Where senior managers work outside "normal hours", they do not receive any enhancements or shift allowances.
17. Senior managers do not receive an expenses allowance. In line with all other council staff, if a senior manager incurs essential expenses during the

performance of their duties, these expenses may be reclaimed so long as they are reasonable and it can be demonstrated that public money is being spent prudently.

18. The council does not operate a bonus scheme for senior managers.

### **Fees for election duties**

19. Council staff may be employed by the Returning Officer for the purpose of undertaking election duties of varying types. The fees payable will vary depending on the type of election and the nature of the duties discharged.
20. Returning Officer and Deputy Returning Officer duties are paid in accordance with the guidance determined by the body responsible for the conduct of the election.

### **Recruitment of senior managers**

21. Vacant senior management posts are filled in line with the requirements of the council's recruitment and selection policy, which has been designed to support the overarching aim of recruiting on merit – in other words, to appoint the best available person for the job.
22. Senior managers joining the council:
  - typically start at the bottom of the grade – unless there is a business case for starting the employee further up the grade, for example if this is necessary to match their existing salary
  - do not receive a lump sum for joining the council
  - may receive expenses to support their relocation if they meet the eligibility criteria set out in the council's policy covering relocation expenses

### **Leaving the council**

23. Employees leaving the council as a result of resignation, including senior managers, do not receive a severance payment.
24. If the council decides to end an employee's service on the basis of redundancy, a compensatory payment is made in line with the provisions set out in the council's reorganisation, redeployment and redundancy procedure. Payment is made as a multiple of the employee's actual week's pay. In addition, for employees aged 55 and over, the relevant pension regulations mean the employee made redundant is entitled to an immediate pension, which may generate additional cost for the council. In these circumstances, this entitlement is not discretionary and must be provided.

25. If a senior manager is made redundant, the value of the associated payment is reported in the Statement of Accounts for the year the redundancy occurred. If an employee is made redundant, the council will not re-engage the individual on a consultancy basis.
26. Under the Local Government Pension Scheme (LGPS) regulations, employees may be considered for one of the Scheme's flexible retirement options. This includes instances where the employee reduces their hours to a part-time basis or moves into a lower graded role. On such occasions, the council's remuneration arrangements, as described in this policy, continue to apply, and in addition the employee will receive a pension paid in line with the requirements of the LGPS regulations and the employee's accrued entitlement.

### **Lowest paid employees**

27. As a Living Wage Employer, the council is committed to ensuring all its employees are paid at least the London Living Wage, which is calculated annually by the Resolution Foundation using the best available evidence about living standards in London and the UK.
28. The latest London Living Wage is £11.95 per hour. This rate was announced in September 2022 and represents an 8.1% increase on the previous year's London Living Wage of £11.05. The council's minimum rate of pay continues to exceed the London Living Wage.
29. The Local Government Transparency Code 2015 includes a specific requirement for local authorities to publish their pay multiplier, which is defined as the ratio between the salary of the highest paid employee and the median (or average) salary paid to the council's workforce. On 31 January 2023, the council's pay multiplier was 5.48. In other words, the salary of the council's highest paid employee was 5.48 times greater than the median (or average) salary paid to the council's workforce.

### **Further information**

30. In addition to this pay policy statement, the council publishes further associated information on the open data pages of its website, including the council's:
  - [grading structure](#)
  - [organisational structure](#)
  - [annual statement of accounts](#), which includes the number of people earning £50,000 per year or more in £5,000 bandings, and further information about those senior managers whose annual salary is £150,000 or more