

## Southwark Council – Pay Policy Statement

The Localism Act 2011 requires the council to publish a pay policy statement for financial year 2012/13 and for each financial year thereafter.

This statement 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, Executive Directors and Directors of services. We refer to these as “top managers”. The posts are in the grade range 17 and above. The actual grade applicable to an individual post is determined by the job evaluation process.

### Remuneration

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

We do not engage 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<sup>1</sup>, including top managers, are job evaluated using a single system (Hay) to determine the job size. All job evaluations 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.

Individual staff are paid within the grade. People may move through the grades through 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. The council voluntarily participates in an annual cross London survey to compare our top manager posts with roles elsewhere. Where comparison is possible, results show that the remuneration levels paid to Southwark top managers fall either within the median or top quartile ranges. No top manager posts will attract a market supplement payment in year 2012/13.

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 2012/13 will be £3,400 - £6,007<sup>2</sup>; dependent on grade.

<sup>1</sup>The only exceptions in the council are a small number of posts under different national schemes – education related and craft.

<sup>2</sup>The council's subsidy to car leasing is less, with rates frozen since 2006. Car leasing is now closed to top managers joining the organisation.

### **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 the chief executive.

In the light of the financial climate, over recent years there has been a cap on PRP. In 2012/13 PRP will be frozen at 0%.

With the exception of standby payments made to a limited number of posts in social care<sup>3</sup>, no additional allowances are paid to top managers<sup>4</sup>.

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 or shifts that may be payable to other staff on NJC conditions for Local Authorities Services.

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

<sup>3</sup> Where occurring this would be included in the declared salary data included in the Statement of Accounts.

<sup>4</sup> Although Returning Officer fees are reported with the current Returning Officer's salary in our accounts (whether paid by central government or by the authority in respect of local elections only); they are paid as a separate fee. In relation to local elections those chief officers who assist on election night may also be paid a proportion of the RO fee as Deputy Returning Officers

### **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 consider 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.

Were the council to terminate any employee’s service on the basis of redundancy, or mutual termination on the basis of efficiency of the service; payments would be made in accordance with the statutory table for redundancy and the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006. Payments are made on the basis of an actual week’s pay<sup>5</sup>. Were an employee’s services to be terminated on this basis the council would not re-engage on a contract for services (i.e. self employed).

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. Such a person may be in receipt of a pension under the Local Government Pension Scheme (LGPS) as a result of service with another Authority. In such cases, the employee’s pension entitlement would be abated as required under LGPS regulations but 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. On such occasions the council’s remuneration arrangements described above would continue to apply to the person’s employment; any pension which is payable determined by application of LGPS Regulations and that person’s membership entitlements.

<sup>5</sup> For top managers, where occurring this would be included in the declared salary data included in the Statement of Accounts.

### **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<sup>6</sup>. Bonus is 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<sup>7</sup>. This therefore is the baseline payment for the lowest paid staff. The London Living Wage (LLW) is not the same as the national minimum wage, (currently £6.08 per hour, October 2011). As the name suggests it is London specific, promoted by the Greater London Authority and participation by employers is voluntary. The level aims to provide a reliable margin above the national minimum wage to stop working Londoners from falling into poverty and to make sure that the unemployed in London are better off in work than living on benefits.

<sup>6</sup>There are a small number of posts under different national schemes – education related and craft.

<sup>7</sup>In year 2011/12 London Living Wage was £8.30 per hour. Once rates for 2012/13 are available sums will be adjusted accordingly

### **Other Information**

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](http://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 salary is £150,000 or more. This includes all remuneration elements including employer's pension contribution.