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| <p>Non-Executive Report of the:</p> <p><b>General Purposes Committee</b></p> <p>29 October 2018</p> |  <p><b>TOWER HAMLETS</b></p> |
| <p><b>Report of:</b> Amanda Harcus, Divisional Director of HR and Organisation Development</p>      | <p><b>Classification:</b><br/>Unrestricted</p>  |
| <p><b>Reward Strategy</b></p>   |   |

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| <b>Originating Officer(s)</b> | Dena Smart, Head of HR & OD |
| <b>Wards affected</b>         | All Wards                   |

### **Executive Summary**

The Terms of Reference of the General Purposes Committee include the determination of major policy on the terms and conditions on which staff hold office within allocated resources. The Chief Executive then has delegation to determine the terms and conditions on which employees hold office (including procedures for their dismissal) subject to compliance with these major policy determinations. The allocated resources are determined by full council and the Mayor.

This report sets out the approach to the councils' Reward Strategy that will provide the major policy framework for the development of operational policies affecting terms and conditions of employment for staff in the future.

### **Recommendations:**

The General Purposes Committee is recommended to:

1. Agree the proposed Reward Strategy set out at paragraph 2.4
2. Note the connection between the TOWER values and our reward strategy.
3. Agree that, in accordance with the councils' constitution, the Chief Executive has delegated authority to develop the total reward package for council employees in accordance with the Reward Strategy and the TOWER values.

### **1. REASONS FOR THE DECISIONS**

- 1.1 The council does not currently have an agreed Reward Strategy (major policy) to guide the Chief Executive and other officers on the development of operational policies for staff terms and conditions. This report recommends a Reward Strategy that will provide this major policy framework.

## **2. BACKGROUND AND DETAILS OF THE REPORT**

- 2.1 The council currently has a wide range of terms and conditions that are offered to staff. However although these are generous and offer positive benefits to staff many of them are historical and are not designed to maximise our reward package. The range of benefits is not well promoted as a package and at a time when we want to be seen as a modern, attractive employer it is critical that we highlight our full offer to staff, this approach is known as Total Rewards.
- 2.2 The council adopts the National Terms and Conditions and uses the National Joint Councils (NJC) pay spine for the majority of its staff. In 2017 a significant amount of work was undertaken at a national level to modernise the pay spine so that it kept pace with the Living Wage (and London Living Wage in London) and to improve the design of the spinal column points range so that there were equal percentage points throughout.
- 2.3 The NJC pay award for 2018/19 was 2% on existing spinal column points but this will change significantly in 2019/20 requiring the council to undertake a process of mapping the national spinal column to our own grades. This work has prompted us to consider our reward strategy. The council has agreed one aspect of our strategic reward which is that we will pay above the London Living Wage; however there are no other clear reward strategies in place.
- 2.4 The Committee is asked to agree the draft Reward Strategy which is to:
- Attract and retain employees with the right skills to deliver our services to the highest standards;
  - Set pay at the market median quartile for London, exceed the London Living Wage to support the lowest paid and remain connected to the national pay bargaining mechanism;
  - Offer flexibility that enables us to match market demands in areas of skill shortage;
  - Offer a total rewards package with a range of benefits that will recognise excellence and be flexible to acknowledge individual needs;
  - Be fair, equal and easy to understand.
- 2.5 It is important to reinforce our TOWER values in all our HR processes and we will make this link explicit. The outline is set out below and would accompany the launch and communication of our wider benefits package.

**TOGETHER** our terms and conditions can enable you to work in a more agile and flexible way and ensure fairness for everyone that works for LBTH.

**OPEN** and transparent means simplifying the current range of allowances to ensure you understand the value of your whole reward package.

**WILLING** to challenge and be challenged through our consultation and engagement mechanisms to enable accountability and innovation to ensure our terms and conditions are fit for the future.

**EXCELLENT** performance in delivery of what you do and going the extra mile will continue to be recognised and rewarded.

**RESPECT** means that we will offer you a fair reward package which recognises your whole contribution, talent and well-being whilst ensuring what we offer is affordable and respects and reflects expectations of our communities who fund our services.

We will promote our total rewards package as TOWER rewards.

- 2.7 To determine the details of the total rewards package we will ensure that we have access to robust pay benchmarking information and comparative analysis of the terms and conditions of other London local authorities to ensure that we remain competitive and attractive to staff.

### **3. ALTERNATIVE OPTIONS**

- 3.1 The Committee could decide that it did not wish to set the major policy framework for staff terms and conditions, or could amend aspects of the draft Reward Strategy set out above.

### **4. EQUALITIES IMPLICATIONS**

- 4.1 As part of the development of the Total Rewards package all recommendations will be subject to a full Equality Impact Assessment.

### **5. OTHER STATUTORY IMPLICATIONS**

- 5.1 None

### **6. COMMENTS OF THE CHIEF FINANCE OFFICER**

- 6.1 There are no direct financial implications as a consequence of adopting the reward strategy as laid out in section 2.4 above. However, the cost of any individual packages agreed will need to be contained within the budget for that post or additional funding identified as appropriate before the commitment is made.

### **7. COMMENTS OF LEGAL SERVICES**

- 7.1 There are no major legal implications arising from this policy save that the Council will need to be alert to the possibility of equal pay claims

arising out of the strategy where particular groups of employees may benefit from pay enhancements.

- 7.2 Any additional payments over and above the standard salary packages will need to be clearly time or determining event limited so as to avoid them becoming part of an employee's normal contractual terms and conditions.
73. If the Council seeks to remove benefits which have become part of an employee's terms and conditions they will need to follow the required consultation process and may need to consider compensatory payments to avoid potential litigation.

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### **Linked Reports, Appendices and Background Documents**

None