

# GENERAL PURPOSES COMMITTEE

Tuesday, 23 February 2021 at 5.30 p.m.

Online 'Virtual' Meeting - <https://towerhamlets.public-i.tv/core/portal/home>

## SUPPLEMENTAL AGENDA

This meeting is open to the public to attend.

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For further information, see the main agenda.

	PAGE NUMBER(S)	WARD(S) AFFECTED
4 .3 Localism Act 2011 – Pay Policy Statement 2021/22	3 - 20	All Wards

Updated Pay Policy Statement following removal of the £95k cap.

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Non-Executive Report of the:  <b>GP Committee</b>  23 February 2021	 <b>TOWER HAMLETS</b>
<b>Report of:</b> Kevin Bartle, Interim Corporate Director Resources	<b>Classification:</b> Unrestricted
<b>Localism Act 2011 – Pay Policy Statement 2021/22</b>	

<b>Originating Officer(s)</b>	Amanda Harcus, Divisional Director HR and Organisational Development
<b>Wards affected</b>	All wards

## Executive Summary

Under Section 38(1) of the Localism Act 2011, the Full Council is required to adopt a pay policy statement for each financial year.

A statement for 2021/22 (draft attached as Appendix 1) should be approved and adopted by 31 March 2021, to enable it to be published as soon as is practical in the new financial year. The council’s first pay policy statement was in 2012/13 and subsequent pay policy statements were agreed for each of the subsequent years, with the latest being for 2020/21.

The [Local Government Transparency Code 2015](#) includes guidance on the calculation of the pay multiple, which forms part of the pay policy statement. No further supplementary guidance has been published in relation to the 2021/22 pay policy statement.

Should guidance or an updated Code be published after the 2021/22 pay policy has been considered by the GP Committee and/or Full Council, which requires minor amendments, it is proposed that GP Committee delegate the authority to make minor amendments to the Chief Executive following consultation with the Divisional Director of HR and Organisational Development, Chair of the GP Committee and Monitoring Officer. Should any fundamental changes be required, the pay policy statement will be sent back to GP Committee for further consideration.

The 2021/22 proposed pay policy statement has to be approved by GP Committee and adopted by LBTH by the end of March 2021. At the meeting of Full Council, the statement will be considered for adoption, this will be held on 4 March 2021.

The pay policy statement sets out the council’s current policies and practice

in relation to pay for all parts of the Council's directly employed workforce (including some elements that cover agency workers), with the exception of school based employees. Any changes to the way in which staff are remunerated would need to be dealt with as outlined in section 5 – Legal comments.

## **Recommendations:**

GP Committee is recommended to:-

Consider the draft 2021/22 pay policy statement, proposing any changes and, subject to such changes, recommend policy for adoption by Full Council on 4 March 2021.

Delegate to the Chief Executive, in consultation with the Divisional Director HR and Organisational Development, Chair of the GP Committee and Monitoring Officer, any minor changes to the 2021/22 pay policy statement.

Consider and agree the amendments to the Council's Constitution in relation to the Terms of Reference for the General Purposes Committee.

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

- 1.1 The Localism Act 2011 received Royal Assent on 15 November 2011. Additionally, the 'Code of Recommended Practice for Local Authorities on Data Transparency' was published in September 2011, under Section 2 of the Local Government, Planning and Land Act 1980. The Code sets out key principles for local authorities in creating greater transparency through the publication of data. Supplementary guidance, 'Openness and Accountability in Local Pay: Guidance under Section 40 of the Localism Act', was published on 20 February 2013.
- 1.2 The Act's intention is to bring together the strands of increasing accountability, transparency and fairness, with regards to pay.
- 1.3 The provisions of the legislation required Local Authorities to adopt and publish a pay policy statement for 2011/12 and then for each subsequent financial year. Statements must be approved by Full Council and have regard to the guidance published by the Secretary of State. Authorities will be constrained by their policy statement when making determination on senior officer pay, although the statement may be amended at any time by further resolution of Full Council.

## **2. ALTERNATIVE OPTIONS**

2.1 As the publication of a pay policy statement and the nature of its content is a legislative requirement, there are no alternative options.

### **3. DETAILS OF THE REPORT**

3.1 The pay policy statement must set out the authority's policies for the financial year relating to remuneration of its officers. It must include:

- A policy on the level and elements of remuneration for each Chief Officer
- A policy on the remuneration of lowest paid employees (together with a definition of 'lowest paid employees' and reasons for adopting that definition)
- A policy on the relationship between the remuneration of chief officers and the remainder of the workforce
- A policy on other specific aspects of chief officers' remuneration (remuneration on recruitment, increases and additions to remuneration, use of PRP and bonuses, and the approach to termination payments).

3.2 Additionally, the council must have regard to other statutory guidance or recommendations, e.g. relating to pay multiples, it should be noted that, the statutory guidance emphasises that each LA has the autonomy to take its own decisions on pay and pay policies.

3.3 The draft 2021/22 pay policy statement takes into account Local Government Association (LGA)/Association of Local Authority Chief Executives (ALACE) guidance issued to local authority Chief Executives 'Localism Act: Pay Policy Statement Guidance for Local Authority Chief Executives'. The statement details the council's current arrangements; using the definitions contained in the Act and associated guidance. The pay policy statement should also set out the council's position in relation to appointments to posts with salary packages over £100,000 and redundancy packages over the same amount.

3.4 The Localism Act defines senior executives, and in this statement they are the Chief Executive, Corporate Directors, the Monitoring Officer and Directors.

3.5 The draft 2021/22 pay policy statement refers to information already published by the council in relation to senior salary data, to meet with the requirements of the Government's transparency agenda. In addition, the Local Government Transparency Code 2015, also covers the way in which the pay multiple included in the pay policy should be calculated. Should any minor changes to the 2020/21 pay policy statement be required as a result of the publication of an updated Code, these amendments could be made by the Chief Executive, after consultation with the Director Workforce and Business Services, Chair of the GP Committee and Monitoring Officer. Should any fundamental changes be required, the pay policy statement will be sent back to the GP Committee for consideration.

### **Pay Multiple**

- 3.6 There is a requirement to publish a ratio, or pay multiple. There are a variety of ways to approach this and the Hutton Review of Fair Pay in the Public Sector (2011) supported the publication of the ratio of the council's highest paid employee (the Chief Executive) to that of its median earner (i.e. the mid-point between the highest and lowest salaries). This multiple is quoted in the draft 2020/21 pay policy statement. The ratio last year was 1:5.82 and this year it is again 1:5.82.
- 3.7 Since the 2014/15 pay policy statement, an additional ratio demonstrating the relationship between the council's highest paid employee (total salary package) and the lowest salary of the non-schools workforce is included. This ratio last year was 1:13.65 and this year is again 1:13.65. This allows greater comparison with other boroughs that provide this ratio. Comparison of ratios for this year is not possible until after 01 April 2021 when pay policies are published. However, please see below table which sets out a comparison of ratios against other London boroughs, including the other inner London boroughs, for the previous 2 years. We will bring back a further report to GP Committee to show comparisons for this year.

Borough	2019/20		2020/21	
	Highest to median	Highest to lowest	Highest to median	Highest to lowest
Tower Hamlets	1:5.97	1:12.91	1:5.82	1:13.65
Hackney	1:5.05	1:8.18	No data	No data
Greenwich	1:6.29	No data	1:6.12	No data
Southwark	1:6.19	No data	No data	No data
Camden	No data	1:9.1	1:5	1:8.2
Westminster	No data	No data	1:5.5	No data
Islington	No data	No data	No data	1:8
Wandsworth	No data	No data	1:7.89	No data
Kensington and Chelsea	No data	No data	1:5.2	No data
Hammersmith and Fulham	1:4.8	1:8.44	1:5.3	1:9.9
City of London	1:7	1:12	No data	No data
Lewisham	No data	No data	No data	No data
Lambeth	No data	No data	No data	No data
City of London	1:7	1:12	No data	No data
Haringey	1:5.8	1:9.6	1:5.8	1:9.5
Newham	No data	No data	No data	No data

- 3.8 The Local Government Transparency Code 2015, states that the pay multiple is defined as the ratio between the highest paid taxable earnings for the given year (including base salary, variable pay, bonuses, allowances and the cash value of any benefits-in-kind) and the median earnings figure of the whole of the authority's workforce. If this definition is applied, the ratio is 1:5.91 (Please

note that the ratio figures will be updated in April 2021, when a full tax year can be taken into consideration, to ensure they are accurate and up to date).

- 3.9 For clarity, apprentices and schools' staff are not included in the pay multiple calculations. Apprentices are excluded due to the fact the multiples apply to employees only. Schools must publish their own pay policy, which is different to the Council's policy, and therefore their staff would be covered by these. The Pay Policy is clear that the pay multiples only apply to the non-schools workforce.

### **London Living Wage**

- 3.10 The council is an accredited Living Wage Employer. This means that we adhere to the Living Wage Foundations accreditation statement, which states that "Employees based in London Boroughs (shall be paid) not less than the London Living Wage; and increase the amount which it pays to affected employees by the same amount as any increase to the London Living Wage, within 6 months of the date on which any increase in the London Living Wage is officially announced."
- 3.11 The London Living Wage (LLW) increases annually and the latest rise was announced on 9 November 2020. The LLW rate increased from £10.75 to £10.85 per hour.
- 3.12 The council has 6 months in which to apply the new LLW rates, i.e. by 9 May 2021.
- 3.13 The lowest paid staff in the council are currently paid on spinal column point 1, which equates to (£21,815 annual) £11.95 per hour, which is already above the new LLW rate of £10.85 per hour.

### **Changes to the Pay Policy**

- 3.14 The following changes have been proposed for the Pay Policy 2021/22:-
- Section 8 now includes information on starting salaries, as well as salary progression, and reads:-

*"8.1 Starting salaries for staff shall be based on the lowest spinal column point of the grade, unless the individual is already earning more than this, in which case we will match their salary where this is available to match. Staff will only be placed on a higher spinal column point in exceptional circumstances (subject to evidence and business case agreed before an offer is made to a candidate and in line with budget affordability), which must be pre-agreed by the Director of Workforce, OD and Business Services ahead of offers being made, the exception to this provides the chief executive authority to agree and set pay for corporate directors and directors in conjunction with the Director Workforce and Business Services.*

8.2 *There should be no increase in spinal points for staff directly matched to a post. If staff are directly matched at the same grade, they should be on the same salary point. If staff are directly matched at a higher grade, it should be at the bottom spinal point of the new grade. If there is a cross over in spinal point between the old and new grade the individual stays at the same spinal point in the new grade.*

8.3 *For staff below Chief Officer level, incremental progression is on an annual basis for those staff who are not at the top of their grade. In exceptional circumstances an increment may be withheld due to poor performance. Chief Officers have to demonstrate satisfactory performance through a formal annual appraisal before being awarded incremental progression.”*

- Section 9.4 has been amended to include other payments for recruitment and retention purposes, as well as Market Supplements, and reads:-

*“The Council’s Director Workforce and Business Services, also has the ability to agree the payment of market supplements and other payments for recruitment and retention purposes, where there is a strong business case and appropriate criteria are met. (Details are set out in the Council’s Market Supplement Policy and Recruitment and Retention Policy).”*

### **Public Sector Exit Payment Cap**

3.15 The Public Sector Exit Payment Regulations 2020 came into force on 4 November 2020 and introduced a £95k cap on the total value of exit payments. However, on 12 February 2021, after extensive review of the application of the Cap, the Government concluded that the Cap may have had unintended consequences and the Regulations should be revoked. HMT Directions have been published that disapply the Cap until the Regulations have been revoked. Therefore, the exit cap should be treated as if it never applied.

3.16 Section 12.5, which previously covered the Public Sector Exit Payment Regulations, is deleted to reflect this change.

### **Constitutional Changes**

3.17 To ensure the Council’s Constitution follows the processes set out in the pay policy, the following change is required to the Constitution. Under section 10, the following addition is needed to the Terms of Reference for the General Purposes Committee:-

*“To consider any recruitment and exit payments over £100,000 in accordance with the Council’s Pay Policy Statement.”*



#### **4. EQUALITIES IMPLICATIONS**

- 4.1 It should be noted that the statement describes existing policies and practice rather than proposing new ones. Should there be amendments, further advice on the impact will be given.

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

- 5.1 This section of the report is used to highlight further specific statutory implications that are either not covered in the main body of the report or are required to be highlighted to ensure decision makers give them proper consideration. Examples of other implications may be:

- Best Value Implications,
- Consultations,
- Environmental (including air quality),
- Risk Management,
- Crime Reduction,
- Safeguarding.
- Data Protection / Privacy Impact Assessment.

- 5.2 This report sets out the council's pay policy for 2021/22, which is required by law. It ensures that employees receive an appropriate salary for the work they undertake and that the council's approach to pay is set out clearly.

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

- 6.1 There are no specific financial implications arising from the recommendations within this report.
- 6.2 The costs of meeting the Council's Pay Policy will need to be contained within existing staffing budgets agreed through the Annual Budget and MTFS process. The annual Employees budget is circa £200m.

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

- 7.1 The main legal considerations regarding the pay policy requirements are set out in the body of the report.
- 7.2 Any changes to pay scales or pay awards are dealt with through collective bargaining and will not require contractual amendments as these are already accounted for in current terms and conditions. However, any changes to the way in which staff are remunerated would need to be dealt with by consultation and an agreed contract variation or the offer of new contractual terms through re-engagement following the Council's agreed employment processes.
- 7.3 When formulating its annual Pay Policy Statement, the Council must have due regard to the need to eliminate unlawful conduct under the Equality Act 2010,

the need to advance equality of opportunity and the need to foster good relations between persons who share a protected characteristic and those who don't (the public sector duty).

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

### **Linked Report**

- None

### **Appendices**

- Appendix 1 – Draft Pay Policy Statement 2021/22
- Appendix 2 – Redundancy/severance packages over £100,000

### **Local Government Act, 1972 Section 100D (As amended)**

#### **List of “Background Papers” used in the preparation of this report**

List any background documents not already in the public domain including officer contact information.

#### **Localism Act 2011**

#### **LGA / ALACE - ‘Localism Act: Pay Policy Statement Guidance for Local Authority Chief Executives’**

#### **DCLG - Openness and Accountability in Local Pay: guidance under section 40 of the Localism Act**

#### **DCLG - ‘Openness and accountability in local pay: Guidance under section 40 of the Localism Act 2011’ Supplementary Guidance**

#### **Communities and Local Government - The Code of Recommended Practice for Local Authorities on Data Transparency**

#### **Officer contact details for documents:**

Amanda Marcus, Divisional Director HR and Organisational Development 020 7364 4922

**London Borough of Tower Hamlets  
Pay Policy statement 2021/2022**

**1 Introduction**

- 1.1 Sections 38 to 43 of the Localism Act 2011 require the Council to produce a policy statement that covers a number of matters concerning the pay of the Authority's staff, principally its Chief Officers and the Authority's lowest paid employees. This pay policy statement meets the requirements of the Localism Act 2011 and takes account of the guidance issued by the Secretary of State for Communities and Local Government in February 2012 and the supplementary guidance issued in February 2013 both entitled "Openness and accountability in local pay: Guidance under section 40 of the Localism Act" together with the Local Government Transparency Code 2015 where applicable. It also takes into account the 'Use of severance agreements and 'off payroll' arrangements Guidance for local authorities" published by the Department for Communities and Local Government (DCLG) in March 2015.
- 1.2 This pay policy statement does not apply to employees of schools maintained by the Council and is not required to do so. This pay policy statement is required to be approved by a resolution of the Full Council before it comes into force. Once approved by Full Council, this policy statement will come into immediate effect, superseding the 2020/2021 pay policy statement.

**2 Definitions**

- 2.1 All the posts in this section (2.1) are collectively referred to as **Chief Officer** in accordance with the Localism Act 2011 and the Local Government and Housing Act 1989
- **Head of the Paid Service**, which is the post of Chief Executive
  - **Statutory Chief Officers**, which are:-
    - Corporate Director, Children's and Culture
    - Corporate Director, Health, Adults and Community who is the Council's designated Director of Adults Social Services
    - Corporate Director, Resources who is the Council's Chief Finance Officer under section 151 Local Government and Housing Act 1989
    - Corporate Director, Governance who is the Authority's Monitoring Officer under section 5 Local Government and Housing Act 1989
    - Director of Public Health

- **Non-statutory Chief Officers and Deputy Chief Officers**, which are:-

- The Corporate Director, Place as well as Directors and Heads of Service in each Directorate that report to a Chief Officer.

2.2 The **Lowest Paid Employees** are defined as employees paid on Spinal Column Point 1 of the National Joint Council (NJC) for Local Government Services pay scales. This definition has been adopted as it is the lowest level of remuneration attached to a post in this Authority (see section 6 below).

### **3 Pay and grading structure**

3.1 The majority of employees' pay and conditions of service are agreed nationally either via the National Joint Council (NJC) for Local Government Services, or the Joint National Council (JNC) for Chief Officers, with regional or local variations.

3.2 The rest of the workforce are employed on Soulbury conditions of service, some on conditions determined by the Joint National Council for Youth and Community Workers, some staff covered by the School Teachers Pay and Conditions Document and some staff on locally agreed terms and conditions for Lecturers and Tutors.

3.3 There are also a number of staff who are protected by the provisions of TUPE (Transfer of Undertakings (Protection of Employment) Regulations 2006) following transfers into the organisation and have retained their existing terms and conditions.

3.4 It is the practice of the Council to seek the views of local trade unions on pay related matters, recognising that elements are settled within a national framework.

3.5 The Council uses the national pay spine to determine its pay scale, which is now made up of lettered grades.

3.6 All roles are evaluated as follows i) Up to Grade O under the Greater London Provincial Council (GLPC) job evaluation scheme; ii) Grade P under a local variation to the GLPC job evaluation scheme; and iii) Above Grade P under the Joint Negotiating Committee for Chief Officers job evaluation scheme.

3.7 The Council signed a Single Status agreement in April 2008 with trade unions. This brought former manual grades into the GLPC job evaluation scheme and replaced spot points with narrow grade bands. This has been implemented by the Council. One of the key aims of the agreement was to eliminate potential pay inequality from previous pay structures and ensure that new pay structures are free from discrimination.

- 3.8 New and changed jobs are evaluated using the relevant job evaluation scheme, with the appropriate grade being determined using a range of factors.
- 3.9 The scale point on which an individual is appointed to the post is normally the lowest of the grade but will depend on skills and experience. There may be exceptional circumstances where an individual may be appointed higher (e.g. to match a current salary) which would require the relevant evidence and appropriate approval.

#### **4 Head of Paid Service, Statutory Chief Officer, Non Statutory Chief Officer and Deputy Chief Officer remuneration**

4.1 Pay for the Head of Paid Service; Corporate Director, Children's and Culture; Corporate Director, Health, Adults and Community; Corporate Director, Resources; and Corporate Director, Governance and Corporate Director, Place is made up of 3 elements:

- Basic pay (defined by a locally agreed grade)
- London weighting allowance
- Travel allowance payment

4.2 The Chief Executive receives fee payments pursuant to his appointment as Returning Officer at elections.

4.3 Directors; other non-statutory Chief Officers and Deputy Chief Officers receive basic pay (defined by a locally agreed grade).

4.4 Chief Officer salary data is published on the Council's website as part of the Government's transparency agenda. For details, please see [here](#).

#### **5 Salary packages**

5.1 All salary packages for posts at Chief Officer level are in line with locally agreed pay scales.

5.2 All salary packages for posts at Chief Officer level of £100,000 or more will be subject to General Purposes Committee approving the structure and grade for posts at Chief Officer level – and noting by Full Council.

#### **6 Lowest paid employees (excluding Schools based staff)**

6.1 The Council's lowest paid London based employees are those who are paid on the lowest scale point, which is above the level of London Living Wage.

6.2 The Council's lowest paid non London based employees are those who are paid on the lowest scale point, which is above the level of National Living Wage.

- 6.3 The Council's Apprentices are paid at least the London Living Wage rate.
- 6.4 The Council will implement the increase to the London Living Wage on 01 April 2021 and as the London Living Wage rises in future years, the council will continue to increase pay levels for the lowest paid staff to ensure that they are paid the nearest scale point above the London Living Wage.

## **7 National pay bargaining**

- 7.1 Annual pay increases across the Council's grades are set through the process of national pay bargaining which the Council subscribes to.
- 7.2 The Council contributes to the negotiation process by providing an employer view through the annual Local Government Employers' regional pay briefings. The employers' side then negotiate with trade unions at a national level.
- 7.3 National pay rates are set using a number of factors, including:
- The sector's ability to pay
  - Movement in market rates
  - Inflation levels
  - Other pay awards
  - The Government's policy position regarding public sector pay

## **8 Starting salaries and salary progression**

- 8.1 Starting salaries for staff shall be based on the lowest spinal column point of the grade, unless the individual is already earning more than this, in which case we will match their salary where this is available to match. Staff will only be placed on a higher spinal column point in exceptional circumstances (subject to evidence and business case agreed before an offer is made to a candidate and in line with budget affordability), which must be pre-agreed by the Director of Workforce, OD and Business Services ahead of offers being made, the exception to this provides the chief executive authority to agree and set pay for corporate directors and directors in conjunction with the Director Workforce and Business Services.
- 8.2 There should be no increase in spinal points for staff directly matched to a post. If staff are directly matched at the same grade, they should be on the same salary point. If staff are directly matched at a higher grade, it should be at the bottom spinal point of the new grade. If there is a cross over in spinal point between the old and new grade the individual stays at the same spinal point in the new grade.

- 8.3 For staff below Chief Officer level, incremental progression is on an annual basis for those staff who are not at the top of their grade. In exceptional circumstances an increment may be withheld due to poor performance. Chief Officers have to demonstrate satisfactory performance through a formal annual appraisal before being awarded incremental progression.

## **9 Additional payments and allowances**

- 9.1 A range of allowances and payments are paid as appropriate to the nature and requirement of specific posts, groups of posts and working patterns. These include car and travel allowances, overtime, standby, weekend and night work, shift and call-out payments.
- 9.2 Staff undertaking additional duties to a more senior grade will receive payment as appropriate using clear criteria, and where a clear business need is identified.
- 9.3 The Council has a staff relocation package, available to new entrants to the Council's employment, and subject to tight eligibility criteria, for which appropriate approval must be obtained ahead of any advertisement going live.
- 9.4 The Council's Director for Workforce and Business Services, also has the ability to agree the payment of market supplements and other payments for recruitment and retention purposes, where there is a strong business case and appropriate criteria are met. (Details are set out in the Council's Market Supplement Policy and Recruitment and Retention Policy).
- 9.5 The Council does not currently operate a performance related pay scheme or bonus scheme.
- 9.6 Where a negotiated settlement is appropriate in circumstances which do not amount to a dismissal, it will be approved by the Head of Paid Service in consultation with the Monitoring Officer and Section 151 Officer and input from the Director for Workforce and Business Services.

## **10 Pensions**

- 10.1 All employees (with the exceptions set out below) of the Council up to 75 years of age and who have a contract of more than 3 months' duration are entitled to join the Local Government Pension Scheme (LGPS). Decisions on delegated provisions are agreed by the Pensions Committee. The LGPS is a contributory scheme, whereby the employee contributes from their salary. The level of contribution is determined by whole time salary and contribution levels are set by Government who then advise the employer.

- 10.2 All employees of the Council from 18 to 75 years of age and who are employed on Teacher, Youth Work or Tutor/Lecturer terms and conditions are entitled to join the Teachers' Pension Scheme. The Teachers' Pension Scheme is a contributory scheme, whereby the employee contributes from their salary and contribution levels are set by Government.

## 11 Non-permanent workforce resources

- 11.1 To ensure flexibility in delivering services, the Council supplements its employee workforce with workers who are not Council employees or on the Council payroll. This non-permanent resource includes consultants and interims, procured through approved third party providers or the Council's agency contract.
- 11.2 In managing its non-permanent workforce resource, the Council seeks to ensure that: the Council and the wider public sector achieve value for money; tax and national insurance liabilities are managed appropriately; and contractual relationships between the Council, workers and third parties are properly reflected. In this regard, it is the Council's policy not to engage directly with self-employed individuals, or wholly owned one person limited companies in all but the rarest of exceptions. Where such arrangements are used, the Council seeks to limit them to a maximum duration of 24 months.
- 11.3 Where it is necessary to engage a worker, it will usually be on a rate that is comparable with the grade for the post, where there is a clear comparator. Where more senior workers are engaged, the remuneration paid to the individual will generally fall within the following rates. The higher rates of pay, compared to those paid to directly employed staff, are in recompense of interims and consultants not receiving all of the same terms and conditions of employment, most notably regarding leave, pension, redundancy and notice.

Grade of post	Day rate range (payable to the individual)
Head of Service (Grade P)	£400-525
Director	£525-775
Corporate Director	£775-900
Chief Executive	£1200-1500

## 12 Compensation for loss of office

### 12.1 *Financial terms for redundancy*

The Council has guidance linked to its policy for Handling Organisational Change which sets out the terms for redundancy and



early termination of staff (subject to qualifying criteria), which apply to all staff. In certain circumstances, individuals may also qualify for early release of their pension. The Handling Organisational Change policy does not apply to Chief Officers.

## *12.2 Redundancy/severance packages*

A severance package for any member of staff of £100,000 or more (including an employee's right to contractual redundancy/severance and pension/pension lump sum payments) will be subject to the approval of General Purposes Committee and noting by Full Council.

## *12.3 Ill health*

Where termination of employment arises from ill health, payments will be made in accordance with the contract of employment. In certain circumstances, individuals may also qualify for early release of their pension.

## *12.4 Re-employment or re-engagement following redundancy/early retirement/receipt of compensation for loss of office*

Any member of staff who has left the Council by reason of redundancy or early retirement and received a redundancy/severance payment is required to have a gap before reemployment. The gap should be at least 2 years after the date of termination for all staff who left due to compulsory redundancy or voluntary redundancy before they can return, either as a directly employed member of staff, an agency worker or a consultant. This does not prevent them from working in Tower Hamlets Schools during this period.

12.4.1 To allow for exceptional circumstances, when it might be necessary to reemploy or re-engage someone sooner than set out above, a Director, in conjunction with the Director for Workforce and Business Services, and after consultation with the Chair of the General Purposes Committee, has authority to waive the 2 year requirement (as appropriate), provided there is justification.

12.4.2 If the Repayment of Public Sector Exit Payments Regulations 2016 come into force, any employee or office holder who earns above the threshold set out in the Regulations, will be required to repay in full or part, to the employer who made the payment, any exit payment they receive should they return to any part of the public sector (see the Regulations for a full list), either on or off payroll, within 12 months. This is in addition to the requirements already set out in the Redundancy Payments (Continuity of Employment in Local Government, etc.) (Modification) Order 1999. This requirement can only be waived in exceptional circumstances and by a decision of Full Council.

### **13 Pay multiples / comparisons**

- 13.1 The Council's pay and grading structures reflect a wide range of job requirements and levels of responsibility across the organisation, with pay and grading being determined by the Council's job evaluation schemes.
- 13.2 The pay ratio demonstrating the relationship between the Council's highest paid employee (total salary package) and the median (mid-point between the highest and lowest) salary position of the non-schools workforce is 1:5.82.
- 13.3 The pay ratio demonstrating the relationship between the Council's highest paid employee (total salary package) and the lowest salary of the non-schools workforce is 1:13.65.
- 13.4 The Council will have regard to its pay ratios and keep them under review, seeking to balance the following:
- Ensuring appropriate reward mechanisms which value knowledge, skills and experience at a senior level, and ensure that the Council can recruit and retain the best talent
  - Addressing its commitment to matching the London Living Wage for our lowest paid staff, and encouraging the developmental progression for staff in the lowest graded roles.

### **14 Equality issues**

- 14.1 The policy elements described in this report derive from national terms and conditions and bargaining, or local discretion. The Council has a keen regard for equality issues and should any changes be made to the pay policy in the future, proposals would go through an Equality Analysis. One of the key aims of Single Status agreement was to eliminate potential pay inequality from previous pay structures and ensure that new pay structures are free from discrimination.

### **15 Review**

- 15.1 The Pay Policy Statement is reviewed annually and submitted to General Purposes Committee for noting and Council for approval. In the interests of improving accountability and transparency, all appointments made to posts attracting remuneration of £100,000 or more per annum and all severance packages of £100,000 or more during the previous financial year shall be highlighted to Full Council.

- 15.2 Should changes to the Pay Policy be contemplated that would result in an amended statement being published in the year that it applies, these would be subject to a detailed consultation process before adoption by Full Council.

DRAFT

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