

Meeting of the

HUMAN RESOURCES COMMITTEE

Wednesday, 25 April 2012 at 7.30 p.m.

A G E N D A

VENUE

Room M73, Town Hall, Mulberry Place, 5 Clove Crescent, London, E14
2BG

Members:	Deputies (if any):
Chair: Councillor Mohammed Abdul Mukit MBE Vice-Chair: Councillor Joshua Peck	
Councillor Ohid Ahmed Councillor Alibor Choudhury Councillor Ann Jackson Councillor Ahmed Adam Omer Councillor Gloria Thienel	Councillor Craig Aston, (Designated Deputy representing Councillor Gloria Thienel) Councillor Peter Golds, (Designated Deputy representing Councillor Gloria Thienel) Councillor Rajib Ahmed, (Designated Deputy representing Councillors Mohammed Abdul Mukit, MBE, Ann Jackson, Ahmed Omer and Joshua Peck) Councillor Zenith Rahman, (Designated Deputy representing Councillors Mohammed Abdul Mukit, MBE, Ann Jackson, Ahmed Omer and Joshua Peck) Councillor Motin Uz-Zaman, (Designated Deputy representing Councillors Mohammed Abdul Mukit, MBE, Ann Jackson, Ahmed Omer and Joshua Peck)

[Note: The quorum for this body is 3 Members].

If you require any further information relating to this meeting, would like to request a large print, Braille or audio version of this document, or would like to discuss access arrangements or any other special requirements, please contact: Evelyn Akoto, Democratic Services
Tel: 020 7364 4878, E-mail: louise.fleming@towerhamlets.gov.uk

LONDON BOROUGH OF TOWER HAMLETS

HUMAN RESOURCES COMMITTEE

Wednesday, 25 April 2012

7.30 p.m.

1. APOLOGIES FOR ABSENCE

To receive any apologies for absence.

2. DECLARATIONS OF INTEREST

To note any declarations of interest made by Members, including those restricting Members from voting on the questions detailed in Section 106 of the Local Government Finance Act, 1992. See attached note from the Chief Executive.

	PAGE NUMBER	WARD(S) AFFECTED
3. UNRESTRICTED MINUTES		
To confirm as a correct record of the proceedings the unrestricted minutes of the meeting of the Human Resources Committee held on 18 January 2012 and 29 February 2012.	3 - 10	
4. REPORTS OF CORPORATE DIRECTOR, RESOURCES		
4 .1 Tower Hamlets Graduate Programme	11 - 14	
4 .2 Benchmarking of London Borough Pay Policy Statements	15 - 20	
4 .3 Benchmarking of London Borough Severance Schemes	21 - 24	
5. ANY OTHER BUSINESS WHICH THE CHAIR CONSIDERS URGENT		
6. EXCLUSION OF PRESS AND PUBLIC		

In view of the contents of the remaining items on the agenda the Committee is recommended to adopt the following motion:

“That, under the provisions of Section 100A of the Local Government Act 1972, as amended by the Local Government (Access to Information) Act 1985, the press and public be excluded from the remainder of the meeting for the consideration of the Section Two business on the grounds that it contains information defined as Exempt in Part 1 of Schedule 12A to the Local Government Act, 1972.”

EXEMPT/CONFIDENTIAL SECTION (Pink Papers)

The exempt committee papers in the agenda will contain information, which is commercially, legally or personally sensitive and should not be divulged to third parties. If you do not wish to retain these papers after the meeting, please hand them to the Committee Officer present.

7. RESTRICTED MINUTES

25 - 28

Agenda Item 2

DECLARATIONS OF INTERESTS - NOTE FROM THE CHIEF EXECUTIVE

This note is guidance only. Members should consult the Council's Code of Conduct for further details. Note: Only Members can decide if they have an interest therefore they must make their own decision. If in doubt as to the nature of an interest it is advisable to seek advice **prior** to attending at a meeting.

Declaration of interests for Members

Where Members have a personal interest in any business of the authority as described in paragraph 4 of the Council's Code of Conduct (contained in part 5 of the Council's Constitution) then s/he must disclose this personal interest as in accordance with paragraph 5 of the Code. Members must disclose the existence and nature of the interest at the start of the meeting and certainly no later than the commencement of the item or where the interest becomes apparent.

You have a **personal interest** in any business of your authority where it relates to or is likely to affect:

- (a) An interest that you must **register**
- (b) An interest that is not on the register, but where the well-being or financial position of you, members of your family, or people with whom you have a close association, is likely to be affected by the business of your authority more than it would affect the majority of inhabitants of the ward affected by the decision.

Where a personal interest is declared a Member may stay and take part in the debate and decision on that item.

What constitutes a prejudicial interest? - Please refer to paragraph 6 of the adopted Code of Conduct.

Your personal interest will also be a prejudicial interest in a matter if (a), (b) and either (c) or (d) below apply:-

- (a) A member of the public, who knows the relevant facts, would reasonably think that your personal interests are so significant that it is likely to prejudice your judgment of the public interests; AND
- (b) The matter does not fall within one of the exempt categories of decision listed in paragraph 6.2 of the Code; AND EITHER
- (c) The matter affects your financial position or the financial interest of a body with which you are associated; or
- (d) The matter relates to the determination of a licensing or regulatory application

The key points to remember if you have a prejudicial interest in a matter being discussed at a meeting:-

- i. You must declare that you have a prejudicial interest, and the nature of that interest, as soon as that interest becomes apparent to you; and
- ii. You must leave the room for the duration of consideration and decision on the item and not seek to influence the debate or decision unless (iv) below applies; and

- iii. You must not seek to improperly influence a decision in which you have a prejudicial interest.
- iv. If Members of the public are allowed to speak or make representations at the meeting, give evidence or answer questions about the matter, by statutory right or otherwise (e.g. planning or licensing committees), you can declare your prejudicial interest but make representations. However, you must immediately leave the room once you have finished your representations and answered questions (if any). You cannot remain in the meeting or in the public gallery during the debate or decision on the matter.

LONDON BOROUGH OF TOWER HAMLETS

MINUTES OF THE HUMAN RESOURCES COMMITTEE

HELD AT 7.30 P.M. ON WEDNESDAY, 18 JANUARY 2012

**ROOM M73, 7TH FLOOR, TOWN HALL, MULBERRY PLACE, 5 CLOVE
CRESCENT, LONDON, E14 2BG**

Members Present:

Councillor Joshua Peck (Vice-Chair, in the Chair)
Councillor Ohid Ahmed
Councillor Gloria Thienel

Councillor Motin Uz-Zaman

Other Councillors Present:

Officers Present:

Isabella Freeman	– (Assistant Chief Executive - Legal Services, Chief Executive's)
Stephen Halsey	– (Corporate Director Communities, Localities & Culture)
Simon Kilbey	– (Service Head, Human Resources and Workforce Development)
John Williams	– (Service Head, Democratic Services, Chief Executive's)
Antonella Burgio	– (Democratic Services)

1. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors Md. Mukit, Ahmed Omer, Alibor Choudhury and Ann Jackson.

Councillor Motin Uz-Zaman deputised for Councillor Mukit.

2. DECLARATIONS OF INTEREST

No declarations of personal or prejudicial interests were made.

3. UNRESTRICTED MINUTES

The Chair **moved** and the Committee **RESOLVED:-**

That the unrestricted minutes of the Human Resources Committee meeting held on 26th October 2011 be approved as a correct record of the proceedings.

4. REPORTS OF THE ASSISTANT CHIEF EXECUTIVE (LEGAL SERVICES)

4.1 Appointments Sub-Committee for the post of Chief Executive - Update

John Williams, Service Head Democratic Services, presented the report circulated at agenda item 4.1 which proposed revised arrangements for the membership of the Appointments Sub-Committee that was to undertake the selection of a new Chief Executive.

The Committee considered the proposals set out at Section 4 of the report and proposed the following amendments:

- That the quorum for the re-established Appointments Sub-Committee comprise four Members
- That should a deputy be required to attend a Sub-Committee during the interview stage, that same deputy should continue as a Member throughout the subsequent meetings of the Sub-Committee.
- That the requirement for unanimity should apply to any decision of this sub-committee, not merely the final recommendation to the Council

Councillor Ahmed thanked Councillor Peck for the work undertaken in conjunction with the Mayor to achieve a collaborative solution to the challenges that the recruitment task had presented.

RESOLVED

1. That the Appointments Sub-Committee be re-established to:
 - consider the appointment of the Chief Executive and
 - make recommendations to the Council on that appointment;
2. That the revised membership of the Appointments Sub-Committee for the appointment of the Chief Executive be five Members as follows:
 - The Mayor plus one Independent Councillor nominated by the Mayor;
 - Two Majority Group Councillors nominated by the Leader of the Majority Group; and
 - One Minority Group Councillor nominated by the Leader of the largest Minority Group;
3. That the Service Head, Democratic Services be authorised to liaise with the Mayor and Group Leaders to receive their nominations and agree the

membership of the Appointments Sub-Committee in accordance with 2 above;

4. That each member of the Appointments Sub-Committee may nominate a Councillor to deputise for him / her at the Sub-Committee and that should a deputy attend during the interview stage, that same deputy should continue as a member throughout the subsequent meetings of the Sub-Committee.
5. That in connection with 2 above, the Human Resources Committee waive the requirement of proportionality in relation to this Appointments Sub-Committee only;
6. That the quorum for this Appointments Sub-Committee be four Members; and
7. That the Appointments Sub-Committee shall only reach a decision on any matter or make a recommendation to the Council where the Members of the Sub-Committee are unanimously in favour of that decision/recommendation. I

5. EXCLUSION OF PRESS AND PUBLIC

In view of the nature of agenda items 6 to 9, the Committee **RESOLVED:**

“That, under the provisions of Section 100A of the Local Government Act, 1972 as amended by the Local Government (Access to Information) Act, 1985, the Press and Public be excluded from the remainder of the meeting for the consideration of the Section Two business on the grounds that it contained information defined as Exempt in Part 1 of Schedule 12A paragraphs 4 and 5 to the Local Government, Act 1972”.

[Note: Exempt information is defined in section 100I and, by reference, Schedule 12A of the Local Government Act 1972 (“the 1972 Act”). To be exempt, information must fall within one of the categories listed in paragraphs 1 to 7 of Schedule 12A, must not fall within one of the excluded categories in paragraphs 8 and 9 and the public interest in maintaining the exemption must outweigh the public interest in disclosing the information.

Agenda items 6 “Restricted Minutes”, 7.1 “Timetable for recruitment to the post of Chief Executive – update” and 8.2 “Engagement of a Chief Executive on a Fixed Term Contract” contained information relating to paragraph 4 (information relating to any consultations or negotiations or contemplated consultations or negotiations, in connections with any labour relations matters arising between the authority, or a Minister of the Crown and employees of, or office holders, under the authority) and paragraph 5 (information in respect of which a claim to legal professional privilege could be maintained in legal proceedings).

The Committee considered the above information and the public interest favouring public access to local authority meetings, and in this case the Human Resources Committee concluded that given the information contained in the agenda items, the public interest in maintaining the exemption on the information outweighed the public interest in disclosing it.]

6. RESTRICTED MINUTES

The Chair **moved** and the Committee **RESOLVED:-**

That the section two (restricted) minutes of the Human Resources Committee meeting held on 26 October 2011 be approved as a correct record of the proceedings.

7. REPORTS OF THE ASSISTANT CHIEF EXECUTIVE (LEGAL SERVICES)

7.1 Timetable for recruitment to the post of Chief Executive - update (To Follow)

This report was considered in closed session.

8. REPORTS OF CORPORATE DIRECTOR, RESOURCES

8.1 Chief Executive's Performance Management

This report was withdrawn.

8.2 Engagement of a Chief Executive on a Fixed Term Contract

This report was considered in closed session.

9. ANY OTHER BUSINESS WHICH THE CHAIR CONSIDERS URGENT

Nil items.

The meeting ended at 7.45 p.m.

Chair, Councillor Mohammed Abdul Mukit MBE
Human Resources Committee

LONDON BOROUGH OF TOWER HAMLETS

MINUTES OF THE HUMAN RESOURCES COMMITTEE

HELD AT 7.30PM ON WEDNESDAY, 29 FEBRUARY 2012

**C1, 1ST FLOOR, TOWN HALL, MULBERRY PLACE, 5 CLOVE CRESCENT,
LONDON, E14 2BG**

Members Present:

Councillor Mohammed Abdul Mukit MBE (Chair)

Councillor Joshua Peck (Vice-Chair)

Councillor Alibor Choudhury

Councillor Ann Jackson

Councillor Craig Aston

Other Councillors Present:

Officers Present:

Simon Kilbey	– Service Head, Human Resources & Workforce Development
Isabella Freeman	– Assistant Chief Executive (Legal Services)
Gordon McFarlane	– Human Resources
Evelyn Akoto	– Democratic Services

1. APOLOGIES FOR ABSENCE

Apologies for absence was received from Councillor Gloria Thienel for whom Councillor Craig Aston was deputising.

RESOLVED

That the apologies for absence be noted.

2. DECLARATIONS OF INTEREST

No declarations of personal or prejudicial interests were made.

3. REPORTS OF CORPORATE DIRECTOR, RESOURCES

A member raised concerns as to the urgency and lateness of this report. He asked why the report had not been prepared for consideration earlier given that the legislation has been in place since late 2011, and enquired if the

Council has a process in place to forward plan for emerging legislative and policy changes.

Simon Kilbey (Service Head, Human Resources & Workforce Development), explained that the Government's statutory guidance had not been in place, moreover time was needed to consider the LGA / ALACE Code of Practice and that he had also wanted to review the approach that other boroughs were taking, given that some areas were discretionary. The Service Head, Human Resources & Workforce Development highlighted that in terms of timescales, Tower Hamlets is in a similar position to number of other boroughs.

Reasons for Urgency and Special Circumstances **Agreed.**

3.1 Localism Act 2011 - Pay Policy Statement 2012/13

Simon Kilbey (Service Head, Human Resources & Workforce Development) presented the Pay Policy report and explained that due to the Localism Act receiving Royal Assent on 15 November 2011, under Section 38(1) of the Act, the Council is required to adopt a pay policy statement for each financial year, commencing with 2012/13. The statement for 2012/13 should be approved and adopted by 31 March 2012 to enable it to be published by the start of the new financial year.

He explained that the pay policy statement sets out the Council's current policies and practice in relation to pay for all parts of the workforce, with the exception of school based employees. He highlighted that in relation to low pay, Tower Hamlets' pay practice is ahead of many other boroughs, with the Council paying just above the London Living wage as a minimum level.

With regards to section 6.5 of the report, the Service Head of Human Resources and Workforce Development stated that the Pay Policy guidance requires that a properly constituted Remuneration Committee be created to help ensure that the approach to reward is seen to be objective and transparent. He noted that the Human Resources Committee has a relevant function contained within its terms of reference to 'determine major policy on the terms and conditions on which staff hold office within allocated resources' to undertake this role.

During discussions about pay settlements a member asked whether officers have discussed the annual pay awards with trade unions. The Service Head of Human Resources and Workforce Development confirmed this and stated that the Council is part of national pay bargaining, with negotiations happening at a national level between the employers' side and trade unions. He agreed that this point could be made more explicit within the document.

With regards to any future proposed amendments to the pay policy, a member highlighted that the document does not explain the processes for making changes. The Service Head of Human Resources and Workforce

Development, agreed to add to the report more information on how any changes would be made within the year that the policy is effective for.

With regards to additional payments and allowances, a member asked about the allowances given to shift workers, for example night allowances, and also raised concerns about health and safety issues for staff finishing work late at night. The Service Head of Human Resources and Workforce Development replied that rather than reflect this specific point in the Pay Policy, the Council can brief managers separately on their responsibilities in relation to these groups of employees.

The Chair of the Committee asked officers to complete a benchmarking report on severance policies in place. Officers agreed to provide the committee with this at the next meeting.

A member asked for more information to be brought back to the Committee relating to the policy on awarding acting-up and honoraria payments.

RESOLVED that

- 2.1 the draft pay policy statement be agreed prior to publication and prior to onward recommendation to full Council for adoption; and
- 2.2 that if any changes to the 2012/13 Pay Policy Statement are proposed by HR Committee prior to publication of the statement, that the Chief Executive be authorised to agree the final version after consultation with the Chair of the Human Resources Committee, Assistant Chief Executive (Legal Services) and the Service Head (Human Resources & Workforce Development).

4. ANY OTHER BUSINESS WHICH THE CHAIR CONSIDERS URGENT

Members asked officers to provide the committee with the following information:

1. whistle blowing policy
2. quarterly information on new staff recruited with details of names and roles
3. information on the graduate trainee scheme recruitment

The meeting ended at 8.00pm

Chair, Councillor Mohammed Abdul Mukit MBE
Human Resources Committee

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Agenda Item 4.1

Committee/Meeting: HR Committee	Date: 25 April 2012	Classification: Unrestricted	Report No: 4.1
Report of: Corporate Director (Resources) Originating officer(s) Simon Kilbey, Service Head (Human Resources & Workforce Development)		Title: Tower Hamlets Graduate Programme Wards Affected: All	

Lead Member	Cabinet Member for Resources
Community Plan Theme	All
Strategic Priority	Work efficiently and effectively as one Council

1. **SUMMARY**

- 1.1 At its meeting on 29th February, HR Committee requested that a report be submitted to the next meeting on the latest intake of graduates.
- 1.2 The report provides context in relation to previous graduate programmes, together with relevant detail about the current cohort.

2. **DECISIONS REQUIRED**

HR Committee is recommended to:-

- 2.1 Consider the report, which is provided for information.

3. **REASONS FOR THE DECISIONS**

- 3.1 The report is provided for information.

4. **ALTERNATIVE OPTIONS**

- 4.1 Apart from any future changes to the Council's policy relating to entry level intake, there are no alternative options.

5. BACKGROUND

- 5.1 Graduate intake programmes have been running in Tower Hamlets as a key part of the Workforce to Reflect the Community Strategy since 2000, with a total of 141 local graduates (not including the current cohort of 21) accepted onto programmes over the last 12 years. The Council has in the past participated in the National Graduate Programme, but took a decision in 2008 that local schemes would better serve the local community. The main aims have been to develop local talent and to facilitate and where possible provide future job opportunities. Local residents have benefited in undertaking work experience and gaining a post graduate qualification, some of whom were placed in 'hard to recruit to' professions (e.g. Environmental Health, Planning) with the vast majority subsequently securing employment either within the Council or with another employer. The Council has retained a number of ex graduates who are at various levels, with some individual success stories in terms of career progression.
- 5.2 The current Graduate Management Programme is an 18 month programme which incorporates a 12 month placement in one the Council's six directorates and for the first time, a six month placement in a partner organisation. There are currently four partner organisations: Bouygues UK, Canary Wharf Group, East Thames Group and Gallions Housing Association.

6. BODY OF REPORT

- 6.1 The recruitment process started in October 2011 with the programme publicised in East End Life and the Council's internet and job portal site.
- 6.2 There were 211 applications received during the initial stage, of which 93 were shortlisted, having met the person specification and the specific minimum criteria highlighted in the advertisement i.e. must be a local resident, and achieved at least a 2.2 in their degree. Officers from the Human Resources & Workforce Development service carried out the selection process, which comprised formal on-line testing and a panel interview (using a scoring system). A total of 21 graduates were recruited to the programme. The table below provides a breakdown of the successful candidates by gender, disability and ethnicity. Names have not been included, as this information is exempt under Section 40(2) of the Freedom of Information Act 2000.

Graduate Management Programme	Appointed
Male	17
Female	4
Unknown/Not declared	0
Disabled	1
Not Disabled	19
Unknown/Not declared	1
Bangladeshi	18
Asian	0
Black	0
Somali	0
Mixed/Dual Heritage	0
White	3

6.3 During their placements within directorates and with our partners, graduates are gaining experience in a number of different areas of the business with the expectation of gaining knowledge, skills and experience in the following key areas: *finance; strategy / development; corporate governance; and partnership working*. The programme started with a two week induction programme, giving graduates an overview of the Council's priorities, personal/career development and looking to develop their skills and knowledge around management processes. To complement the experience gained during their employment and in placements, the graduates are completing a bespoke 12 month Post Graduate Diploma in Management Studies at Westminster University. For this cohort, we have agreed a target for retention that will contribute to the overall Workforce to Reflect the Community targets.

6.4 From available information, it would appear that the Council is investing significantly more than other Boroughs in entry level schemes such as the graduate programme. This and other schemes help to set the Council apart as an employer of choice, and send clear messages about how it manages talent.

7. COMMENTS OF THE CHIEF FINANCIAL OFFICER

7.1 There are no financial implications as a direct result of this report. Funding was agreed and committed from the Council's Workforce to Reflect the Community budget.

8. CONCURRENT REPORT OF THE ASSISTANT CHIEF EXECUTIVE (LEGAL SERVICES)

8.1 There are no legal issues to consider as part of this report.

9. ONE TOWER HAMLETS CONSIDERATIONS

9.1 An equalities breakdown is provided at section 6.2.

10. SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT

10.1 There are no implications.

11. RISK MANAGEMENT IMPLICATIONS

11.1 There are no direct risks as a result of this report.

12. CRIME AND DISORDER REDUCTION IMPLICATIONS

12.1 There are no implications.

13. EFFICIENCY STATEMENT

13.1 No changes to service delivery or the use of resources are proposed.

14. APPENDICES

None

**Local Government Act, 1972 Section 100D (As amended)
List of "Background Papers" used in the preparation of this report**

Brief description of "background papers"	Name and telephone number of holder and address where open to inspection.
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Agenda Item 4.2

Committee/Meeting: HR Committee	Date: 25 April 2012	Classification: Unrestricted	Report No: 4.2
Report of: Corporate Director (Resources) Originating officer(s) Simon Kilbey, Service Head (Human Resources & Workforce Development)		Title: Benchmarking of London Borough Pay Policy Statements Wards Affected: All	

Lead Member	Cabinet Member for Resources
Community Plan Theme	All
Strategic Priority	Work efficiently and effectively as one Council

1. **SUMMARY**

- 1.1 As part of the HR Committee's deliberations on the Council's draft pay policy statement on 29th February 2012, initial benchmarking information was requested relating to those pay policies published to date by other London Boroughs.
- 1.2 At the time of drafting, pay policy statements for 13 other London Boroughs have been obtained and analysed. Some Boroughs are yet to publish their statements. The analysis shows that Tower Hamlets has one of the lowest pay multiples and is one of only 2 Boroughs that guarantee to pay staff a minimum salary equivalent to the London Living Wage. The benchmarking exercise has also helped indicate areas in which the Council's own pay policies could be developed in the future.

2. **DECISIONS REQUIRED**

HR Committee is recommended to:-

- 2.1 Note the benchmarking data provided.

3. **REASONS FOR THE DECISIONS**

- 3.1 The Localism Act 2011 received Royal Assent on 15 November 2011. The provisions of the legislation require Local Authorities to adopt and publish a pay policy statement for 2012/13 and for each subsequent financial year. Following consideration of the draft pay policy statement, the Committee requested that an initial benchmarking report be provided.

4. **ALTERNATIVE OPTIONS**

4.1 The report is for information.

5. **BACKGROUND**

5.1 As detailed in the report to the HR Committee on 29 February, the pay policy statement must set out the Authority's policies for the financial year relating to the remuneration of its officers. This must include:

- The level and elements of remuneration for each chief officer
- The remuneration of lowest paid employees (together with a definition of 'lowest paid employees' and reasons for adopting that definition)
- The relationship between the remuneration of chief officers and the remainder of the workforce
- 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)

5.2 Additionally, the Council must have regard to other statutory guidance or recommendations e.g. relating to pay multiples, but 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.

6. **BODY OF REPORT**

6.1 The analysis of key points of 13 other London Boroughs is shown in Appendix 1.

6.2 **Pay Multiple and Use of Median Average.** All except one of the Boroughs sampled (Lewisham) have used the salary of the Highest Paid Chief Officer as a multiple of the Median Average Employee Salary. This calculation is in line with the recommendations contained in the Hutton Review of Fair Pay in the Public Sector (2011). Lewisham published 2 figures, a pay multiple of the lowest paid compared to the highest paid (12) and an average of multiple of chief officer pay compared to the median average employee salary.

The Council's own pay multiple (6.5) is consistent with the Hutton recommendation and is the 4th lowest although it should be noted 2 of those with lower multiples (Richmond and Hounslow) are in Outer London where lower salaries are paid compared to Inner London Boroughs such as Tower Hamlets, due to differentials between inner and outer London pay scales. The mean average of the Boroughs analysed is a pay multiple of 6.93 (based on the median average employee salary). The highest report multiple was 10 (Bexley) and the lowest (Hounslow). These figures should not be considered to be precise comparative indicators as median average salaries will be influenced by the extent to which manual front line services are run by or have been outsourced in each authority.

There is insufficient data to enable an analysis of more Boroughs pay multiples based on the highest paid chief officer's salary compared to the lowest paid employee although it is anticipated that this information will be available over time.

- 6.3 **Low Pay Issues and Commitment to London Living Wage.** Half of Boroughs analysed (7 out of 14, including Tower Hamlets) give a commitment to paying staff a minimum salary equivalent to the London Living Wage, although not all have implemented this yet. Otherwise there are no substantial commitments regarding low pay with most referencing implementation of Single Status in respect of manual workers or quoting the use of the Inner or Outer Greater London Provincial Council pay spines giving the lowest salary point in use.
- 6.4 **Senior Manager/Executive Pay.** There are no particular positions of note amongst other Boroughs. As was expected, 10 out of 14 have moved away from using the JNC Chief Officers Job Evaluation Scheme that the Council uses and now use Hay as a better evaluation system for senior managers. There is also a clear trend regarding control of pay progression within a grade through use of performance criteria. .
- 6.5 **Committee Arrangements.** There is a mixed position amongst other Boroughs in terms of whether they have established or propose to establish a bespoke Remuneration Committee. 6 out of the 14 indicate they intend to make use of existing Committees that deal with conditions of service and remuneration policy e.g. Human Resources and Administration Committees, in order to fulfil this requirement. As highlighted in the previous report it is recommended by officers that the terms of reference of the HR Committee are amended which requires a change to the Constitution in order to implement. . It is worth noting that some Boroughs (e.g. Lewisham) have chosen to engage independent advisors (e.g. Hay) to provide advice and challenge to their remuneration committees.
- 6.6 **Development of the Pay Policy Statement.** Given the upcoming change to manage temporary agency recruitment in-house it was not considered appropriate to include reference to practices with regard to the Comensura contract. This is an area to which reference could be made in future updates to the Council's Statement. Other areas identified following analysis of other Boroughs indicates the inclusion of a position on the following matters could be appropriate: market supplements; policy on re-employment following redundancy/retirement; and details of acting-up and honoraria policy and criteria. However, these may equally be left to be incorporated in general policies where they can be more flexibly amended from time to time.

7. COMMENTS OF THE CHIEF FINANCIAL OFFICER

- 7.1 There are no financial implications detailed in this report. Should any changes to pay policy be proposed (that result in an amended statement being published in future), the financial implications will be assessed at the point of that changes are proposed.

8. CONCURRENT REPORT OF THE ASSISTANT CHIEF EXECUTIVE (LEGAL SERVICES)

- 8.1 The determination of staff terms & conditions is a part of the statutory role of Head of Paid service to make recommendations to full council. The Pay Policy Statement must be adopted by full Council. Should there be any changes contemplated in the existing terms and conditions or policy there would need to be full legal advice on the implications and process prior to any detailed consultation with staff and unions, given the impact on contractual entitlements. Consequently, the approach with the Pay Policy is to recommend that it is adopted setting out current terms i.e. compliant with the legislation. If there are future proposed amendments then these can be advised on separately in the fullness of time.

9. ONE TOWER HAMLETS CONSIDERATIONS

- 9.1 There are no implications in respect of this report. However, an Equality Analysis will be carried out on the Council's own Pay Policy Statement.

10. SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT

- 10.1 There are no implications.

11. RISK MANAGEMENT IMPLICATIONS

- 11.1 There are no implications.

12. CRIME AND DISORDER REDUCTION IMPLICATIONS

- 12.1 There are no implications.

13. EFFICIENCY STATEMENT

- 13.1 No changes to service delivery or the use of resources are proposed.

14. APPENDICES

Appendix 1 – Summary of London Boroughs Pay Policy Statements

**Local Government Act, 1972 Section 100D (As amended)
List of “Background Papers” used in the preparation of this report**

Brief description of “background papers”

Name and telephone number of holder
and address where open to inspection.

Localism Act 2011

**Simon Kilbey, Service Head (HR/WD)
020 7364 4922**

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

Appendix 1: Summary of London Boroughs Pay Policy Statements

Borough	Pay Multiple	Used Average Median Salary to Calculate Pay Multiple (Y/N)	Commitment to London Living Wage (Y/N)	Senior/ Executive Manager Pay Progression Performance Based (Y/N)	Job Evaluation Scheme used for Senior/ Executive Pay Grading	Using existing Committee to manage Remuneration Policy (Y/N)
Lewisham	See note *	No	Yes		Hay	Yes
Richmond	6.12	Yes	Yes	Yes		Yes
Hounslow	5.60	Yes	Yes	Yes	Hay	Yes
Merton	7.00	Yes	No	Yes	Hay	Yes
Kensington and Chelsea	6.50	Yes	No	Yes	Hay	No
Wandsworth	6.40	Yes	No	Yes	Hay	
Barnet	6.98	Yes	No		Hay & GLPC	Intends to setup 12/13
Haringey	6.80	Yes	Yes	Yes	GLPC	Yes
Bexley	10.00	Yes	No	Yes	Hay	Yes
Ealing	7.23	Yes	Yes	Yes	Hay	
Harrow	**7.00	Yes	No	Yes	Hay	
Hillingdon	7.35	Yes	No	Yes	GLPC	No
Hammersmith and Fulham	6.60	No	Yes	Yes	GLPC	No
Tower Hamlets	6.50	Yes	Yes	Yes	GLPC / JNC for Chief Officers	Yes

* not included, published multiple calculated based on average chief officer salary, not salary of highest paid officer

** figure is from 10/11

Agenda Item 4.3

Committee/Meeting: HR Committee	Date: 25 April 2012	Classification: Unrestricted	Report No: 4.3
Report of: Corporate Director (Resources) Originating officer(s) Simon Kilbey, Service Head (Human Resources & Workforce Development)		Title: Benchmarking of London Borough Severance Schemes Wards Affected: All	

Lead Member	Cabinet Member for Resources
Community Plan Theme	All
Strategic Priority	Work efficiently and effectively as one Council

1. **SUMMARY**

- 1.1 At its meeting on 29th February, the HR Committee requested that a report be submitted to the next meeting on the current severance policy and terms, together with relevant benchmarking data.
- 1.2 The Council has discretion under the Redundancy Payments (Continuity of Employment in Local Government) (Modification) Order 1999, as to the policy it applies to redundancy payments. The purpose and aims of the policy are set out later in the report.
- 1.3 The Council's current practice has been in place since December 2006.
- 1.4 Table 1 (set out at section 6.3 below) shows relevant benchmarking data from other Boroughs.

2. **DECISIONS REQUIRED**

- 2.1 HR Committee is recommended to note the report

3. **REASONS FOR THE DECISIONS**

- 3.1 The report is for information and provide Members with details of the Council's Severance scheme and how this compares to other Boroughs.

4. **ALTERNATIVE OPTIONS**

- 4.1 This report is a noting report.

5. **BACKGROUND**

- 5.1 The Council's Severance Policy has been in place since December 2006. Through the 2010/11 Lean / Transformation programmes, the use of a voluntary redundancy / early retirement scheme at its current level was particularly successful. Of the total number of staff who left, less than 1% of the workforce suffered compulsory redundancy as a result of budget decisions made by the Council. The initial call for volunteers saved the 3 month notice period. A number of other Boroughs have indicated that they have not used a voluntary scheme and that therefore, any redundancies were classed as compulsory.
- 5.2 Table 1 (section 6.3) shows that the Council's Severance scheme is currently the highest of all London Boroughs as many Boroughs have recently consulted with unions and staff on changes as part of budget cuts.

6. **BODY OF REPORT**

- 6.1 **Aims of the scheme** – The severance scheme must meet statutory minimum requirements. However, the Council has exercised discretions to pay redundancy at a higher level in order to encourage volunteers to mitigate the level of compulsory redundancies, and to help managers deliver organisational change. It effectively 'cushions the blow' for individuals, helps the Council to maintain a constructive and effective employee relations climate, enables those impacted to plan for their futures, secures co-operation during organisational change, and assists with 'survivor syndrome' i.e. those who remain with the Council perceive that those who have left have been fairly treated.
- 6.2 **Benefits of current level of payments** –The current scheme has successfully facilitated a high number of voluntary redundancies at the end of 2010/11. The current MTFP through to 2014/15 does not require staffing reductions of the magnitude experienced in the latter part of the 2010/11, however, there will still be a need through service reviews to secure volunteers for early retirement / redundancy, and to generate savings as quickly as possible mitigating the risk of compulsory redundancies. Future years of the MTFP may well see the need for further significant reductions in head-count. The trade unions have repeatedly asked for a 'no compulsory redundancy' guarantee, and although the Council has not provided this guarantee, officers have sought to avoid compulsory redundancies. The desire to avoid compulsory redundancies is strongly supported by the Executive.
- 6.3 It is worth noting that the average redundancy payment in the last 12 months has been £22k. Additionally, the Council's approach to redeployment has been particularly successful, with 89 staff redeployed into alternative posts in the last 12 months, and a total of 148 since 2010. This approach has reduced compulsory redundancies and saved the Council redundancy costs of around £3.25m since 2010. Taking the approach to redeployment together with the application of the severance policy at its current level, the Council has had

one of the best and most effective approaches of all London Boroughs to the necessary staffing cuts precipitated by the Central Government funding shortfall in 2010/11 and maintained good employee relations. Our approach to change management and transformation has recently been recognised the MJ and LGC at national awards shortlisting.

- 6.4 **Pan London comparisons** – the table below sets out the range of discretions applied across London Boroughs. Since 2010, some Boroughs have reduced the level of payments made, but have done this as part of a wider review of terms & conditions of service which in some cases required dismissal and re-engagement of the whole workforce. Every Borough continues to calculate payments based on actual week’s pay, rather than the statutory weekly amount (currently £430). In addition, the Council pays 3 months notice rather than the statutory number of weeks’ notice which is often less. The Borough specific data is generally shared confidentially between Heads of HR, and has therefore been anonymised. However, where Boroughs have set out details of their schemes in their pay policies, these are highlighted in the table. Additionally, Heads of HR have been asked if they are willing to comment on the impact of their schemes i.e. during major organisational change, the balance found between compulsory and voluntary redundancy. Should data be provided which can be shared, this will be circulated separately.

Max number of weeks / multiplier	Number of Boroughs	Comments
66 weeks (2.2)	1	Tower Hamlets
60 weeks (2)	4	Includes Lewisham
52.5 weeks (1.75)	1	Harrow (one of 2 levels paid)
51 weeks (1.7)	1	
45 weeks (1.5)	9	Includes Bexley (reducing to 1.25 in 2014)
42 weeks (1.4)	1	
30 weeks (stat level)	16	Includes K&C, Haringey, Ealing, H&F

7. COMMENTS OF THE CHIEF FINANCIAL OFFICER

- 7.1 There are no financial implications as a direct result of this report.

8. CONCURRENT REPORT OF THE ASSISTANT CHIEF EXECUTIVE (LEGAL SERVICES)

- 8.1 There are no legal implications arising from this report.

9. ONE TOWER HAMLETS CONSIDERATIONS

- 9.1 The Severance Policy was reviewed to ensure it complies with equalities requirements.

10. SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT

10.1 There are no implications.

11. RISK MANAGEMENT IMPLICATIONS

11.1 There are no direct risks as a result of this report.

12. CRIME AND DISORDER REDUCTION IMPLICATIONS

12.1 There are no implications.

13. EFFICIENCY STATEMENT

13.1 No changes to service delivery or the use of resources are proposed.

14. APPENDICES

None

**Local Government Act, 1972 Section 100D (As amended)
List of "Background Papers" used in the preparation of this report**

Brief description of "background papers"	Name and telephone number of holder and address where open to inspection.
Discretionary Payments for Loss of Employment Scheme	Simon Kilbey, Service Head (HR/WD) 020 7364 4922

Agenda Item 7

By virtue of paragraph(s) 1, 2, 3, 4, 5, 6, 7, 7a, 7b, 7c of Part 1 of Schedule 12A of the Local Government Act 1972.

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