

Meeting of the

HUMAN RESOURCES COMMITTEE

Wednesday, 12 March 2014 at 6.30 p.m.

A G E N D A

VENUE

Room MP701, 7th Floor, Town Hall, Mulberry Place, 5 Clove Crescent,
London, E14 2BG

Members:	Deputies (if any):
Chair: Councillor Carlo Gibbs	
Vice-Chair:	
Councillor John Pierce	Councillor Craig Aston, (Designated Deputy representing Councillor Gloria Thienel)
Councillor Alibor Choudhury	Councillor M. A. Mukit MBE, (Designated Deputy representing Councillors Carlo Gibbs, David Edgar, Shiria Khatun and John Pierce)
Councillor Gloria Thienel	Councillor Peter Golds, (Designated Deputy representing Councillor Gloria Thienel)
Councillor Shiria Khatun	Councillor Sirajul Islam, (Designated Deputy representing Councillors Carlo Gibbs, David Edgar, Shiria Khatun and John Pierce)
Councillor Oliur Rahman	Councillor Rachael Saunders, (Designated Deputy representing Councillors Carlo Gibbs, David Edgar, Shiria Khatun and John Pierce)
Councillor David Edgar	

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

Evelyn Akoto, Democratic Services,

Tel: 020 7364 4207, E-mail: evelyn.akoto@towerhamlets.gov.uk

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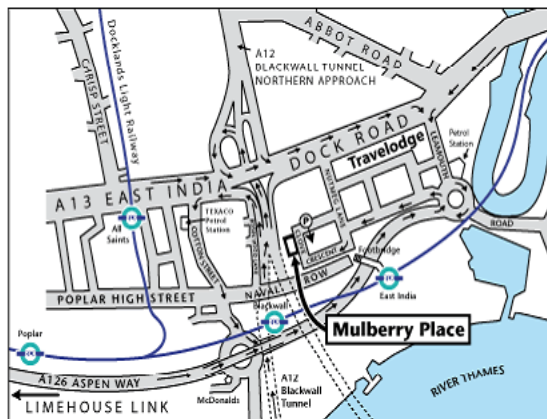
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LONDON BOROUGH OF TOWER HAMLETS

HUMAN RESOURCES COMMITTEE

Wednesday, 12 March 2014

6.30 p.m.

1. APOLOGIES FOR ABSENCE

To receive any apologies for absence.

	PAGE NUMBER	WARD(S) AFFECTED
2. DECLARATIONS OF DISCLOSABLE PECUNIARY 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.	1 - 4	
See attached note from the Monitoring Officer.		
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 29 January 2014.	5 - 8	
4. REPORTS OF CORPORATE DIRECTOR, RESOURCES		
4 .1 Localism Act 2011 - Pay Policy Statement 2014/15	9 - 26	
5. EXCLUSION OF THE 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 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.

6. RESTRICTED MINUTES

To confirm as a correct record of the proceedings the restricted minutes of the meeting of the Human Resources Committee held on 29 January 2014.

27 - 28

6 .1 Future Structure of ESCW and update on Senior Management Position. To Follow

7. ANY OTHER BUSINESS WHICH THE CHAIR CONSIDERS URGENT

Agenda Item 2

DECLARATIONS OF INTERESTS - NOTE FROM THE MONITORING OFFICER

This note is for guidance only. For further details please consult the Members' Code of Conduct at Part 5.1 of the Council's Constitution.

Please note that the question of whether a Member has an interest in any matter, and whether or not that interest is a Disclosable Pecuniary Interest, is for that Member to decide. Advice is available from officers as listed below but they cannot make the decision for the Member. If in doubt as to the nature of an interest it is advisable to seek advice **prior** to attending a meeting.

Interests and Disclosable Pecuniary Interests (DPIs)

You have an interest in any business of the authority where that business relates to or is likely to affect any of the persons, bodies or matters listed in section 4.1 (a) of the Code of Conduct; and might reasonably be regarded as affecting the well-being or financial position of yourself, a member of your family or a person with whom you have a close association, to a greater extent than the majority of other council tax payers, ratepayers or inhabitants of the ward affected.

You must notify the Monitoring Officer in writing of any such interest, for inclusion in the Register of Members' Interests which is available for public inspection and on the Council's Website.

Once you have recorded an interest in the Register, you are not then required to declare that interest at each meeting where the business is discussed, unless the interest is a Disclosable Pecuniary Interest (DPI).

A DPI is defined in Regulations as a pecuniary interest of any of the descriptions listed at **Appendix A** overleaf. Please note that a Member's DPIs include his/her own relevant interests and also those of his/her spouse or civil partner; or a person with whom the Member is living as husband and wife; or a person with whom the Member is living as if they were civil partners; if the Member is aware that that other person has the interest.

Effect of a Disclosable Pecuniary Interest on participation at meetings

Where you have a DPI in any business of the Council you must, unless you have obtained a dispensation from the authority's Monitoring Officer following consideration by the Dispensations Sub-Committee of the Standards Advisory Committee:-

- not seek to improperly influence a decision about that business; and
- not exercise executive functions in relation to that business.

If you are present at a meeting where that business is discussed, you must:-

- Disclose to the meeting the existence and nature of the interest at the start of the meeting or when the interest becomes apparent, if later; and
- Leave the room (including any public viewing area) for the duration of consideration and decision on the item and not seek to influence the debate or decision

When declaring a DPI, Members should specify the nature of the interest and the agenda item to which the interest relates. This procedure is designed to assist the public's understanding of the meeting and to enable a full record to be made in the minutes of the meeting.

Where you have a DPI in any business of the authority which is not included in the Member's register of interests and you attend a meeting of the authority at which the business is considered, in addition to disclosing the interest to that meeting, you must also within 28 days notify the Monitoring Officer of the interest for inclusion in the Register.

Further advice

For further advice please contact:-

Meic Sullivan-Gould, Monitoring Officer, 020 7364 4801; or

John Williams, Service Head, Democratic Services, 020 7364 4204

APPENDIX A: Definition of a Disclosable Pecuniary Interest

(Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012, Reg 2 and Schedule)

Subject	Prescribed description
Employment, office, trade, profession or vacation	Any employment, office, trade, profession or vocation carried on for profit or gain.
Sponsorship	<p>Any payment or provision of any other financial benefit (other than from the relevant authority) made or provided within the relevant period in respect of any expenses incurred by the Member in carrying out duties as a member, or towards the election expenses of the Member.</p> <p>This includes any payment or financial benefit from a trade union within the meaning of the Trade Union and Labour Relations (Consolidation) Act 1992.</p>
Contracts	<p>Any contract which is made between the relevant person (or a body in which the relevant person has a beneficial interest) and the relevant authority—</p> <p>(a) under which goods or services are to be provided or works are to be executed; and</p> <p>(b) which has not been fully discharged.</p>
Land	Any beneficial interest in land which is within the area of the relevant authority.
Licences	Any licence (alone or jointly with others) to occupy land in the area of the relevant authority for a month or longer.
Corporate tenancies	<p>Any tenancy where (to the Member's knowledge)—</p> <p>(a) the landlord is the relevant authority; and</p> <p>(b) the tenant is a body in which the relevant person has a beneficial interest.</p>
Securities	<p>Any beneficial interest in securities of a body where—</p> <p>(a) that body (to the Member's knowledge) has a place of business or land in the area of the relevant authority; and</p> <p>(b) either—</p> <p>(i) the total nominal value of the securities exceeds £25,000 or one hundredth of the total issued share capital of that body; or</p> <p>(ii) if the share capital of that body is of more than one class, the total nominal value of the shares of any one class in which the relevant person has a beneficial interest exceeds one hundredth of the total issued share capital of that class.</p>

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LONDON BOROUGH OF TOWER HAMLETS

MINUTES OF THE HUMAN RESOURCES COMMITTEE

HELD AT 6.30 P.M. ON WEDNESDAY, 29 JANUARY 2014

**ROOM MP702, 7TH FLOOR, TOWN HALL, MULBERRY PLACE, 5 CLOVE
CRESCENT, LONDON, E14 2BG**

Members Present:

Councillor Carlo Gibbs (Chair)

Councillor John Pierce
Councillor Alibor Choudhury
Councillor Gloria Thienel
Councillor David Edgar

Officers Present:

Simon Kilbey – (Service Head, Human Resources and Workforce
Development)
Meic Sullivan-Gould – (Monitoring Officer)
Evelyn Akoto – (Committee Officer)

1. APOLOGIES FOR ABSENCE

Due to a quoracy issue with another Committee, that needed the presence of Councillor Choudhury. The Chair of Human Resources Committee agreed to open the Committee meeting at 6.30pm and adjourn for 30 minutes.

Human Resources was re-convened at 7pm.

Apologies for absence were received from Councillor Oliur Rahman and Shiria Khatun.

The Chair asked all attendees to introduce themselves. In introducing himself the interim Monitoring Officer, Meic Sullivan-Gould, gave an account of his recent career history and his area of responsibility within the Council.

2. DECLARATIONS OF DISCLOSABLE PECUNIARY INTEREST

There were no declaration of disclosable pecuniary interest

3. UNRESTRICTED MINUTES

RESOLVED

That the unrestricted minutes of the meeting of the Human Resources Committee held on 20 June and 13 November 2013 be agreed and signed by the Chair, as a correct record of the proceedings.

4. REPORTS OF CORPORATE DIRECTOR, RESOURCES

4.1 Quarterly Report - New Starters

Simon Kilbey, Service Head (Human Resources & Workforce Development) gave an update on new starters within the Council for 2013-14. He stated that the report also provided information relating to schemes such as internship, trainees and apprenticeships. He continued that the Council had a healthy level of recruitment, and opportunities still existed for promotion and new appointments.

Members queried why the new starter report was submitted to every meeting. Simon Kilbey replied that the Human Resources Committee at its 29th February 2012 meeting requested a regular report providing quarterly details of new starters and breakdown by equality strands.

Members discussed the importance of receiving such information and agreed that the Committee should continue to receive the quarterly report.

RESOLVED

That the Committee note the report.

4.2 Redundancy Payments

At the request of the Chair, Simon Kilbey, Service Head (Human Resources and Workforce Development) presented the report. He elaborated on the background to the report and the current request for confirmation from the Trade Unions on the Council's redundancy terms, and whether the discretionary severance element was contractual. This had been prompted by TUPE issues and the current financial constraints faced by Local Government.

The Committee had an extensive discussion regarding the discretionary element of redundancy payments and whether the current usage of the redundancy package was consistent with the Committee's original decision in 2006.

Members also queried the level of payments made to staff, in particular, reference was made to Appendix 1. Members enquired whether staff were

always given the maximum payment. Officers confirmed the formula within the section had been applied in all cases of redundancy.

In response to questions, officers gave the following responses:

- Based upon advice by Counsel, the Council had now accepted that the discretionary severance element of the redundancy scheme was now a contractual entitlement by virtue of custom and practice.
- There had been no changes to the redundancy policy since 2006
- It was possible for Members to make changes to the Council's redundancy terms, but a strong business reason would have to be outlined and a formal consultation process required given the advice from Counsel.

Members felt that the scheme was still ambiguous in parts. Simon Kilbey stated that the Corporate Management Team was currently reviewing the terms of the scheme and that there was on-going internal discussion on this matter.

RESOLVED

That the Committee note the report

5. EXCLUSION OF THE PRESS AND PUBLIC

A motion to exclude the public and press was passed in the unrestricted party of the proceedings.

6. RESTRICTED MINUTES

Please refer to Part 2 minutes

7. IMPLEMENTATION OF CHIEF EXECUTIVE RE-ORGANISATION: DIRECTORATE OF LAW, PROBITY AND GOVERNANCE

Please refer to Part 2 minutes.

8. ANY OTHER BUSINESS WHICH THE CHAIR CONSIDERS URGENT

There were none

The meeting ended at 8.15 p.m.

Chair, Councillor Carlo Gibbs
Human Resources Committee

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Agenda Item 4.1

Committee/Meeting: HR Committee	Date: 12 th March 2014	Classification: Unrestricted	Report No: 4.1
Report of: Corporate Director (Resources) Originating officer(s) Simon Kilbey, Service Head (Human Resources & Workforce Development)		Title: Localism Act 2011 – Pay Policy Statement 2014/15 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 Under Section 38(1) of the Localism Act 2011, the Council is required to adopt a pay policy statement for each financial year.
- 1.2 The Council's first pay policy statement was adopted for 2012/13 and the Pay Statement for 2013/14 (Appendix 2) was agreed at the HR Committee on 27th March 2013. The statement for 2014/15 (Appendix 1) should be approved and adopted by 31st March 2014 to enable it to be published as soon as is practical in the new financial year.
- 1.3 The Department for Communities and Local Government has produced supplementary guidance to be read alongside existing accountability guidance, which governs pay policy statements, for the past two years. The 2013 guidance, published on 20th February 2013, was taken into consideration in the production of the 2013/14 pay policy statement.
- 1.4 To date, no supplementary guidance has been published in relation to the 2014/15 pay policy statement. Should guidance be published after the 2014/15 pay policy has been considered by the HR Committee and/or Full Council, which requires minor amendments to be made to the pay policy statement, it is proposed that the HR Committee delegate the authority to make such amendments to the Head of Paid Service after consultation with the Service Head (HR and WD), the Chair of the Committee and the Monitoring Officer. Should any fundamental changes be required, the pay policy statement will be sent back to the HR Committee for consideration.

- 1.5 Appendix 1 to this report sets out the draft policy statement for consideration by the HR Committee. The proposed statement has to be published by the end of March 2014. The next meeting of Full Council, during which the statement may be adopted, will be held on 26th March 2014.
- 1.6 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. Any changes to the way in which staff are remunerated would need to be dealt with as outlined in section 8 – Legal comments.

2. DECISIONS REQUIRED

HR Committee is recommended to:-

- 2.1 Consider the draft pay policy statement and propose any changes to be made prior to publication and prior to recommending its submission to Full Council.
- 2.2 Agree that if any changes to the 2014/15 pay policy statement are proposed by HR Committee prior to publication of the statement, the final version is delegated to the Head of Paid Service after consultation with the Service Head (HR and WD), the Chair of the Committee and the Monitoring Officer.
- 2.3 Agree that if any minor changes to the 2014/15 pay policy statement are required as a result of future government guidance, these amendments be delegated to the Head of Paid Service after consultation with the Service Head (HR and WD), the Chair of the Committee and the Monitoring Officer. Should any fundamental changes be required, the pay policy statement will be sent back to the HR Committee for consideration.

3. REASONS FOR THE DECISIONS

- 3.1 The Localism Act 2011 received Royal Assent on 15 November 2011. In addition to the Act, 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 to 'Openness and Accountability in Local Pay: Guidance under Section 40 of the Localism Act' was published on 20 February 2013.
- 3.2 The provisions of the legislation required Local Authorities to adopt and publish a pay policy statement for 2011/12 and for each subsequent financial year. Statements have to 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.

4. ALTERNATIVE OPTIONS

- 4.1 As the publication of a pay policy statement is a legislative requirement, there are no alternative options.

5. BACKGROUND

- 5.1 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:
- 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).
- 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 draft pay policy statement takes into account the LGA/ALACE guidance issued to Local Authority Chief Executives, and the statement details the Council's current arrangements, using the definitions contained in the Act and associated guidance. The Act also requires the Council to have regard to statutory guidance entitled 'Openness and accountability in local pay' under the Transparency Agenda. The original guidance was published in 2012, with updated guidance published in February 2013, which stated that the pay policy statement should 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. Any guidance for 2014 has yet to be published.
- 6.2 The guidance defines 'senior executive' which for the purpose of the Council's statement are the posts of Head of Paid Service and Corporate Directors.
- 6.3 The draft 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.
- 6.4 There is a requirement to publish a ratio, or pay multiple. There are a variety of ways to approach this, but 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 Head of Paid Service) to that of its median earner (i.e. the

mid-point between the highest and lowest salaries). This multiple is quoted in the draft statement. The ratio last year was 1:6.1 and this year is 1:5.9.

- 6.5 For 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 is 1.9.92. This allows greater comparison with other boroughs that provide this ratio.
- 6.6 The information on the lowest paid staff in the council has been updated to confirm that 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.
- 6.7 Under the section on additional payments, a paragraph has been added regarding market supplements for recruitment purposes. Such payments are commonly used by other local authorities. In recent times there has been a need to increase the salary level for the Corporate Director of Education, Social Care and Wellbeing in order to secure an appointment. Also currently, in relation to the Director of Law, Probity and Governance, feedback has been received that we may not be able to recruit a suitable candidate at the current grade. In these and such other circumstances, an additional payment can be made, where there is a strong business case. If the payment is for a Service Head or Corporate Director, this would be agreed by the Head of Paid Service after consultation with the Chair of the HR Committee and Service Head Human Resources and Workforce Development (HR and WD). For any posts below Service Head, this would be agreed by the Head of Paid Service after consultation with the Service Head HR and WD.
- 6.8 The use of market supplements will be regularly reviewed and monitored to ensure that the council's pay policy complies with equal pay requirements.

7. COMMENTS OF THE CHIEF FINANCIAL OFFICER

- 7.1 There are no financial implications of publishing a pay policy statement, which describes current practice. 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 that changes are proposed.

8. CONCURRENT REPORT OF LEGAL SERVICES

- 8.1 Guidance on Section 40 of the Localism Act was published in February 2012. Relevant authorities (which includes a London Borough Council) are required by section 38(1) of the Act to prepare pay policy statements which set out a range of issues relating to the Authority's policy towards a range of issues including that of its highest and lowest paid workers. The policy must be prepared for each financial year, approved by full Council and published for transparency.

- 8.2 Under Section 40 (1) of the Act the Authority must have regard to the guidance which sets out key policy principles which underpin the accountability provisions of the Act. The Council is still bound by relevant employment (and other) legislation as the employer and any changes which may be proposed by the policy must bear in mind the requirements of such legislation.
- 8.3 The Act and the guidance requires that Councillors take a greater role in ensuring that the remuneration, particularly that of the most senior staff, is appropriate and commensurate with their responsibility and within the wider context of the pay of the workforce as a whole. This requires the publication of data in respect of the remuneration of chief officers.
- 8.4 The Council can amend the pay policy on an annual basis as required by the Act but may also amend the policy as needed to take into account changing legislative requirements.
- 8.5 Given the requirement that the policy be approved by full Council, care must be exercised when seeking to delegate any authority to approve changes which are made to the policy subsequent to its approval by full Council.

9. ONE TOWER HAMLETS CONSIDERATIONS

- 9.1 An equality analysis will be carried out on the draft policy statement, but 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.

10. SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT

- 10.1 There are no implications.

11. RISK MANAGEMENT IMPLICATIONS

- 11.1 The draft statement describes existing policies and practice. Any risks, e.g. from proposing changes in the future to pay and benefits, would be assessed at the time.

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 – Draft Pay Policy Statement 2014/15

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’**

**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**

London Borough of Tower Hamlets
Pay policy statement 1 April 2014 – 31 March 2015

1 Introduction

The Localism Act 2011 requires Local Authorities to produce a pay policy statement every financial year. This requirement is part of the Government's drive towards public sector transparency.

The Pay Policy Statement sets out the Council's current policies and practice in relation to pay for all parts of the workforce. The statement excludes school based employees. The Statement is made available on the Council's website, which also includes separately published salary information for senior managers as part of the Government's Transparency Code.

2 Scope

The policy addresses the requirements of the Localism Act and addresses key areas of pay and remuneration.

The Localism Act defines senior executives, and in this statement they are the Chief Executive/Head of Paid Service, Corporate Directors, the Monitoring Officer (Corporate Management Team).

3 Pay and grading structure

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.

The Council also employs some staff on Soulbury conditions of service, some on conditions determined by the Joint National Council for Youth & 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.

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.

The Council uses national pay scales up to grade LPO8, and determines the appropriate grade for each job in accordance with the Greater London Provincial Council (GLPC) job evaluation scheme.

Above LPO8, local grades are in place for senior staff as follows:

- LP09 - evaluated under a local variation to the GLPC job evaluation Scheme

- Chief Officers, Deputy Chief Officers (Service Heads and senior executives) and Key Chief Officers -evaluated under the Joint Negotiating Committee for Chief Officers job evaluation scheme

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. 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.

New and changed jobs are evaluated using the relevant job evaluation scheme, with the appropriate grade being determined using a range of factors.

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.

4 How the Council's management team is structured

The Council's Corporate Management Team is led by the Chief Executive/Head of Paid Service, supported by a number of Chief Officers reporting to the Chief Executive/Head of Paid Service. All statutory roles are at this level of the organisation.

Service Heads (Deputy Chief Officers) in each Directorate report to a member of the Corporate Management Team.

5 Senior Executive remuneration

Pay for senior executives who are members of the Corporate Management Team is made up of three elements:

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

Service Heads (Deputy Chief Officers) receive basic pay (defined by a locally agreed grade).

Senior salary data is published on the Council's website as part of the Government's transparency agenda. For details, please see http://www.towerhamlets.gov.uk/lgsi/800001-800100/800043_transparency.aspx

6 Senior appointments

All salary packages for posts at Chief Officer, Key Chief Officer or Deputy Chief Officer level are in line with locally agreed pay scales

7 Lowest paid employees

The Council's lowest paid staff are those who are paid on the Council's lowest scale point.

The Council has resolved that its lowest paid staff should not be paid less than the level of the London Living Wage. As a consequence, in 2011 and 2012 the pay levels for the lowest paid employees was moved up to Scale 1, (spinal column point 5 in 2011 and then 6 in 2012), to ensure the rate was above the London Living Wage.

When the London Living Wage was increased in November 2013, further work was done to ensure the lowest paid employees had the pay increase reflected in their pay. As a consequence, the pay levels for the lowest paid employees, was moved up to Scale 1 (spinal column point 7), which is above the rate of the 2013 London Living Wage. The Council's Apprentices are paid at the London Living Wage rate.

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.

8 National pay bargaining

Annual pay increases across the Council's grades are set through the process of national pay bargaining which the Council subscribes to.

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.

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

9 Incremental progression

Incremental progression is on an annual basis for those staff who are not at the top of their grade. As per national conditions of service, progression is automatic for all staff (subject to general satisfactory performance) except Service Heads and Chief Officers who have to demonstrate satisfactory performance through a formal annual appraisal before being awarded incremental progression.

10 Additional payments and allowances

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.

Acting up and honoraria payments are made to individual staff as appropriate using clear criteria, and where a clear business need is identified.

The Council has a staff relocation package, available to new entrants to the Council's employment, but subject to tight eligibility criteria.

The Council also has the ability to pay market supplements for recruitment purposes, where there is a strong business case and appropriate criteria are met.

The Council does not operate a performance related pay scheme or bonus scheme.

11 Pensions

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.

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.

12 Compensation for loss of office

12.1 Financial terms for redundancy

The Council has a policy 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 Chief Officers and to all staff. In certain circumstances, individuals may also qualify for early release of their pension.

12.2 Redundancy packages

When it is proposed to delete a post at Chief Officer, Key Chief Officer or Deputy Chief Officer level, a report is submitted to the Council's HR Committee for consideration. If the proposal will result in a postholder

receiving a severance package, the costs of such a package are included in the report.

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 Negotiated exits – settlements

If it is determined that a negotiated settlement is appropriate for a senior executive in circumstances which do not amount to a dismissal, the Service Head (Human Resources & Workforce Development) will deal with the detail, and the Council's Chief Executive/Head of Paid Service after consultation with the Monitoring Officer (or in circumstances where it is not appropriate for one or other to be involved, the Chief Financial Officer) will consider whether the terms of the offer constitute value for money and are appropriate, fair and reasonable in the circumstances, and the proposed settlement shall then be subject to the agreement of the Human Resources Committee.

12.5 Re-employment following redundancy/early retirement

Any member of staff who has left the Council by reason of redundancy (compulsory or voluntary) or early retirement and received a severance payment is required to have a gap of at least 1 year after the date of termination before they can return either as a directly employed member of staff, an agency worker or a consultant.

To allow for exceptional circumstances, when it might be necessary to reemploy someone sooner than after a year's gap, a Corporate Director, in conjunction with the Service Head HR and WD, and after consultation with the Chair of the Human Resources Committee, has authority to waive the 1 year requirement, provided there is justification.

13 Pay multiples / comparisons

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.

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 : 5.9.

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 : 9.92.

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

The policy elements described in this report derive from national terms & 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

The Localism Act 2011 requires relevant authorities to prepare a Pay Policy Statement for each subsequent financial year. The Council's next Statement is scheduled to be for 2015/16 and will be submitted to Full Council for approval by 31 March 2015.

Should changes to 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 an appropriate recommendation was made to Full Council.

London Borough of Tower Hamlets
Pay policy statement 1 April 2013 – 31 March 2014

1 Introduction

The Localism Act 2011 requires Local Authorities to produce a pay policy statement every financial year. This requirement is part of the Government's drive towards public sector transparency.

The Pay Policy Statement sets out the Council's current policies and practice in relation to pay for all parts of the workforce. The statement excludes school based employees. The Statement is made available on the Council's website, which also includes separately published salary information for senior managers as part of the Government's Transparency Code.

2 Scope

The policy addresses the requirements of the Localism Act and addresses key areas of pay and remuneration.

The Localism Act defines senior executives, and in this statement they are the Chief Executive, Corporate Directors, the Assistant Chief Executive (Corporate Management Team)

3 Pay and grading structure

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.

The Council also employs some staff on Soulbury conditions of service, some on conditions determined by the Joint National Council for Youth & 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.

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.

The Council uses national pay scales up to grade LPO8, and determines the appropriate grade for each job in accordance with the Greater London Provincial Council (GLPC) job evaluation scheme.

Above LPO8, local grades are in place for senior staff as follows:

- LP09 - evaluated under a local variation to the GLPC job evaluation Scheme
- Chief Officers, Deputy Chief Officers (Service Heads and senior executives) and Key Chief Officers - evaluated under the Joint Negotiating Committee for Chief Officers job evaluation scheme

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. 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.

New and changed jobs are evaluated using the relevant job evaluation scheme, with the appropriate grade being determined using a range of factors.

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.

4 How the Council's management team is structured

The Council's Corporate Management Team is led by the Chief Executive/Head of Paid Service, supported by a number of Chief Officers reporting to the Chief Executive/Head of Paid Service. All statutory roles are at this level of the organisation.

Service Heads (Deputy Chief Officers) in each Directorate report to a member of the Corporate Management Team.

5 Senior Executive remuneration

Pay for senior executives who are members of the Corporate Management Team is made up of three elements:

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

Service Heads (Deputy Chief Officers) receive basic pay (defined by a locally agreed grade).

Senior salary data is published on the Council's website as part of the Government's transparency agenda. For details, please see http://www.towerhamlets.gov.uk/lqsl/800001-800100/800043_transparency.aspx

6 Senior appointments

All salary packages for posts at Chief Officer, Key Chief Officer or Deputy Chief Officer level are in line with locally agreed pay scales

7 Lowest paid employees

The Council's lowest paid staff are those who are paid on the Council's lowest scale point.

The Council has resolved that its lowest paid staff should not be paid less than the level of the London Living Wage. As a consequence in 2011 the pay levels for

the lowest paid employees, (including the Council's Apprentices) was moved up to Scale 1, (spinal column point 5), which is above the rate of the 2011 London Living Wage.

When the London Living Wage was increased in November 2012, further work was done to ensure the lowest paid employees had the pay increase reflected in their pay. As a consequence, the pay levels for the lowest paid employees, (including the Council's Apprentices) was moved up to Scale 1 (spinal column point 6), which is above the rate of the 2012 London Living Wage.

8 National pay bargaining

Annual pay increases across the Council's grades are set through the process of national pay bargaining which the Council subscribes to.

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.

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

9 Incremental progression

Incremental progression is on an annual basis for those staff who are not at the top of their grade. As per national conditions of service, progression is automatic for all staff (subject to general satisfactory performance) except Service Heads and Chief Officers who have to demonstrate satisfactory performance through a formal annual appraisal before being awarded incremental progression.

10 Additional payments and allowances

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.

Acting up and honoraria payments are made to individual staff as appropriate using clear criteria, and where a clear business need is identified.

The Council has a staff relocation package, available to new entrants to the Council's employment, but subject to tight eligibility criteria. The Council does not operate a performance related pay scheme or bonus scheme.

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Agenda Item 6

By virtue of paragraph(s) 3, 4 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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