

**London Borough of Tower Hamlets  
Pay Policy statement 2019/2020**

**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 2018/2019 pay policy statement.

**2 Definitions**

- 2.1 All the posts below 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 Services
    - 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 Divisional 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 6 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 7 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 Council also employs some staff 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 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.
- 3.6 Above LPO8, local grades are in place as follows:
- LPO9 - evaluated under a local variation to the GLPC job evaluation scheme
  - Above LPO9 - evaluated 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. 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.

#### **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 Services; 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. The fees paid in respect of district elections vary according to the size of the electorate and number of postal voters and are calculated in accordance with the allowance set by the Authority. Fee payments for national and European elections are set by central government and are, in effect, not paid by the Council, as the fees are reclaimed. The Chief Executive does not receive any additional payment for the role of Returning Officer for local government elections. This means that no fees will be paid for local elections or referenda which are funded by the Council but, the Returning Officer will receive fees for all elections and referenda externally funded.
- 4.3 Divisional 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.

#### **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**

- 6.1 The Council's lowest paid London based employees are those who are paid on the lowest scale point 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 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 2019 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 Incremental progression**

- 8.1 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 Acting up (where there is a vacant post within a structure and a person takes on the full duties of that post on a temporary basis) and honoraria (where a person takes on additional duties of a higher graded post but not all of them) payments are made to individual staff 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, but subject to tight eligibility criteria.
- 9.4 The Council's Divisional Director HR and Organisational Development, also has the ability to agree the payment of market supplements for recruitment and retention purposes, where there is a strong business case and appropriate criteria are met.
- 9.5 The Council does not 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 Divisional Director HR and Organisational Development.

## **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 (LP09)	£400-525
Divisional 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 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 all staff. In certain circumstances, individuals may also qualify for early release of their pension.

### *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 severance payment is required to have a gap before reemployment. The gap should be at least 1 year after the date of termination for staff who left due to compulsory redundancy or a gap of at least 2 years after the date of termination for staff who left due to 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 Divisional Director HR and Organisational Development, and after consultation with the Chair of the General Purposes Committee, has authority to waive the 1 or 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 requirement can only be waived in exceptional circumstances and by a decision of Full Council.
- 12.4.3** If the Public Sector Exit Payment Regulations 2016 come into force, they will introduce a £95k cap on the total value of exit payments. This cap will include all forms of exit payment available to employees on leaving employment, for example cash lump sums, such as redundancy payments, the cost to the employer of funding early access to unreduced pensions ('pension strain'), severance payments, ex gratia payments and other non-financial benefits, such as additional paid leave. 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 1:5.97.
- 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 1:12.91.
- 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.