

**London Borough of Tower Hamlets
Draft pay policy statement 1 April 2015 – 31 March 2016**

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/lgs/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, 2012 and 2013, the pay levels for the lowest paid employees was moved up to Scale 1, (spinal column point 5 in 2011, point 6 in 2012 and point 7 in 2013), to ensure the rate was above the London Living Wage.

When the London Living Wage was increased in November 2014, 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 8), which is above the rate of the 2014 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 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.

To allow for exceptional circumstances, when it might be necessary to reemploy someone sooner than set out above, 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 or 2 year requirement (as appropriate), 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 1:5.8.

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 1:9.6.

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 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

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 2016/17 and will be submitted to Full Council for approval by 31 March 2016.

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.