

Southwark Council – Pay Policy Statement

1. Introduction

1.1 The Localism Act 2011 requires the council to publish a pay policy statement for each financial year.

1.2 This statement relates to year 2021-22 and it is approved by Council Assembly.

2. Scope of Pay Scope

2.1 The statement describes our policies towards the pay of senior managers (referred to in the Act as “chief officers”) and our approach to the pay of our lowest paid employees.

2.2 Provisions in the Act do not apply to the staff of local authority schools.

2.3 Under the Act a “chief officer” is defined as:

- The head of the authority’s paid service designated under section 4(1) of the Local Government and Housing Act 1989
- Its monitoring officer designated under section 5(1) of that Act
- A statutory chief officer mentioned in section 2(6) of that Act
- A non-statutory chief officer mentioned in section 2(7) of that Act
- A deputy chief officer mentioned in section 2(8) of that Act.

2.4 In Southwark, this applies to the Chief Executive, Strategic Directors and Directors. These positions are considered as our senior managers.

3. Remuneration

3.1 For existing senior managers the term remuneration is used to describe salary, expenses and other monetary allowances or benefits.

3.2 The council does not employ senior managers under a contract for services (people who are self-employed or work through a limited company), and therefore remuneration for such arrangements is not described. All senior managers are paid via the council's payroll with appropriate tax and National Insurance deductions made in accordance with HMRC regulations.

4. Current Pay Structures and arrangements

- 4.1 The Council currently operates
- The Joint National Council (JNC) for LA Chief Executives, and JNC for LA Chief Officers pay agreements and arrangement
 - The National Joint Council (NJC) Greater London Provincial Council (GLPC) Inner London pay agreement for most posts across the authority
 - There are a small number of posts under different national schemes such as Soulbury, Teachers, Public Health (Agenda for Change), & Craft Workers.

5. Salary

5.1 In Southwark posts, including senior managers, are job evaluated using a single system (the Korn Ferry Group methodology) to determine the job size. The job

evaluation results for senior managers are verified by independent experts at the Korn Ferry Group.

- 5.2 The job size determines a job's placement against the pay spine, through an established grading structure.
- 5.3 Grades are linked to the salary scale. Staff have the potential to move through the grade by incremental progression, based on performance.
- 5.4 The pay spine is increased in accordance with pay award settlements determined by the National Joint Council for Local Authorities Services (and regionally varied for inner London by the GLPC) (or other national negotiating bodies where relevant for other terms and conditions).
- 5.5 The Greater London Provincial Council introduced new pay spines that took effect from 1 April 2019. As the council moved away from the standard GLPC grades in 1999 and introduced a Southwark specific grading structure, an interim grading structure based around the GLPC pay spine is currently in place. A review of the Council's grading structure is due to be undertaken by the organization. This approach is supported by our recognised trade unions.
- 5.6 Southwark has introduced special arrangements for its lowest paid workers, as described below. Where there are any amendments, which are determined by the National Joint Council for Local Authorities Services as regionally varied by the GLPC, these will be applied to all relevant employees without further referral to council assembly.
- 5.7 Individual staff are paid within the grade. Employees may move through the grade range by incremental progression; in accordance with a performance management framework.
- 5.8 There is an element of flexibility that allows the payment of non-consolidated market factor supplements to specific roles that are recognised as "hard to fill". Payment is subject to justification against external data and with periodic review.
- 5.9 For posts at JNC level (grade 14 and above), specific benefits up to a financial cap may be taken in kind (e.g. season ticket purchase, addition pension contributions, health plan) or paid as an addition to salary. For senior managers the annual financial value of such benefits currently ranges from £2,724 up to £6,190, dependent on grade.

6. Other Payments & Expenses

- 6.1 With the exception of standby payments made to a limited number of posts, no additional allowances are paid to senior managers (as defined in section 2 above).
- 6.2 Senior managers are not eligible to receive overtime for excess hours worked. In line with all other (non-teaching) staff their full time equivalent weekly hours are 36. However, for senior managers the contract of employment states this as a minimum and individuals are required to do whatever hours are necessary to get the job done, with no additional payment. Where hours are worked outside "normal office hours"; senior managers do not receive enhancements nor shift allowances which other staff on NJC conditions for Local Authorities Services may be entitled.

6.3 Senior managers do not receive an expenses allowance. In line with all other staff, where essential expenses are incurred in the performance of their duties, costs can be reclaimed, where these are reasonable and public money is being used prudently.

6.4 For non-senior managers, appropriate terms and conditions, e.g. shift allowances, reflect the duties and obligations of posts in accordance with the NJC for Local Authorities Services. Bonus payments are only a feature of a small number of Craft Worker terms and conditions (currently under review subject to ballot with recognized trade unions) – otherwise bonus payments are not a feature of pay arrangements. Staff are contracted to work 36 hours per week (full time equivalent). Where service provision demands that it is necessary for additional hours to be worked above the full time equivalent, overtime rates would apply. Rates are determined in accordance with Conditions of Service.

7. Fees for election duties

7.1 Council staff can be employed by the Returning Officer on election duties of varying types. The fees paid to Council employees for undertaking these election duties differ according to the type of election they participate in and the nature of the duties they undertake.

7.2 Returning Officer duties (and those of deputy returning officers) are contractual requirements and fees paid to them for national elections/referendums are paid in accordance with the appropriate Statutory Fees and Charges Order and are paid by the body responsible for the conduct of the election.

8. Recruitment of Senior Managers

8.1 Vacant senior management positions are recruited to in accordance with the council's recruitment policy with the overarching aim of employing on merit; to engage the best person for the job.

8.2 Senior Managers joining the organisation:–

- Are paid on the grade for their post.
- Join at the bottom spinal column point of the grade; unless the person can demonstrate that payment above the minimum is essential to match current earnings, or to reflect the prevailing market, or to recognise experience and skills to secure engagement. No staff are paid above the grade maximum.
- Do not receive any lump sum payments on joining.
- May receive expenses relating to their home relocation where this is necessary to secure engagement.

8.3 Members have the opportunity to question all salary packages to be offered as part of the recruitment to senior management posts.

9. Leaving the Organisation & Pensioners

9.1 All staff leaving the council (including senior managers) on a voluntary resignation basis do not receive a severance payment.

- 9.2 Where the council decides to terminate any employee's service on the basis of redundancy, in employment law terms this is based on the facts of the case, (deletion or diminution of the post). Payment entitlements are enshrined in the council policy on redeployment redundancy and reorganisation and comprise contractual entitlements, (notice un-worked, leave not taken), plus redundancy element, in accordance with the statutory table. Payments are made as a multiple of an actual week's pay. Also for those aged 55 and over, under the pension regulations they become entitled to immediate pension as earned in the event of redundancy or efficiency; any costs accruing to the Council for pension payments are capital costs based on an actuarial calculation linked to service and age. Entitlements are not discretionary to an individual once a redundancy situation arises.
- 9.3 For senior managers, where redundancy or mutual termination occurs information would be included in the declared salary data included in the Statement of Accounts each year. Were an employee's services to be terminated on these bases the council would not re-engage the individual on a contract for services (i.e. self-employed basis).
- 9.4 Where the Council decides to terminate any employee's service on the basis of mutual termination on efficiency of the service grounds, the Council calculates entitlements relying on the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006 and the pension regulation when over 55 years old. Should the cost of the total package exceed £100k, agreement will be obtained via council assembly or another properly constituted Member body, prior to finalization.
- 9.5 New recruits may be in receipt of a pension under the Local Government Pension Scheme (LGPS) e.g. as a result of service with another Authority. In such cases, the employee's pension entitlement would be abated (reduced in accordance with actuarial calculation) or capped as required under LGPS regulations. This would have no impact on the council's remuneration arrangements.
- 9.6 Under the LGPS Regulations eligible employees may be considered for one of the Scheme's flexible retirement options. This would include instances where the employee reduces to a part time basis or demotion. On such occasions the council's remuneration arrangements would continue as described above plus any pension payable determined by application of LGPS Regulations and that person's membership entitlements.

10. Lowest Paid Staff

- 10.1 The Council maintains a strong commitment to paying all employees the London Living Wage and the Council's current pay spine incorporates the London Living Wage on all spinal column points – as set by the NJC and varied regionally by the GLPC.
- 10.2 The latest London Living Wage rate was announced in November 2020, as part of "Living Wage" week. The hourly rate was set at £10.85 per hour. This rate is independently calculated by the Resolution Foundation and overseen by the Living Wage Commission. It is reviewed annually. The Council's NJC & GLPC minimum rate of pay continues to exceed the current London Living Wage.

11. Other Information

11.1 In addition to this statement the council publishes other information on the detail of payments. Information can be found on the Open Data section of the council's website (www.Southwark.gov.uk). This includes:-

- The council's grading structure and salary scales.
- The annual statement of accounts. This includes the numbers of people earning £50,000 per year or more in £5,000 bandings. The accounts also give detail, including the name, for those whose pay is £150,000 or more. This covers all remuneration elements including employer's pension contribution.

11.2 In accordance with the Local Government Transparency Code 2015; to coincide with the reporting at the end of the financial year, the council publishes the ratio between the highest paid taxable earnings for the given year and the median earnings figure of the whole of the authority's workforce. In January 2021 the ratio between the top earner and median earnings was 6.03 to 1.