

MUNICIPAL YEAR 2015/2016 REPORT NO. 188

MEETING TITLE AND DATE:

Council
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REPORT OF:

Assistant Director - Human Resources

Contact officer and telephone number:

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Agenda – Part: 1

Item: 9

Subject:

Review & Adoption of a Statutory Pay Policy Statement

Cabinet Member Consulted:

Cllr Andrew Stafford

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1. EXECUTIVE SUMMARY

The Localism Act 2011 requires all Councils to review and adopt a Pay Policy Statement each financial year. This report proposes a number of amendments to the Council's policy agreed in 2016 for adoption in the financial year 2016/17.

2. RECOMMENDATIONS

The Council agrees the amendments to the statutory Pay Policy Statement attached as Appendix 1 of this report.

3. BACKGROUND

3.1 Sections 38 to 43 of The Localism Act 2011 required all Councils to formally adopt a pay policy statement by 31 March 2012. The Act requires that a policy statement is adopted annually by a vote of the Council and once adopted, can only be varied by a vote of the Council.

3.2 In broad terms, the Act requires that the Statutory Pay Policy Statement includes:-

- A local authority's policy on the level and elements of remuneration for each chief officer
- A local authority's policy on the remuneration of its lowest paid employees (together with its definition of 'lowest paid employees' and its reasons for adopting that definition)
- A local authority's policy on the relationship between the remuneration of its chief officers and other officers

- A local authority's policy on other specific aspects of chief officers' remuneration; remuneration on recruitment, increases and additions to remuneration, use of performance related pay and bonuses, termination payments and transparency.

The pay and remuneration of schools based staff is not covered by the Act.

- 3.3 After a review of the operation of the pay policy for the financial year 2015/16 the Remuneration Committee has agreed to put forward the following amendments for recommendation:

Insert after paragraph 3.5

* At the time of writing, the JNC pay award for 1 April 2016 is subject to consultation with the trade unions.

This statement explains why the pay rates have not been updated.

Paragraph 3.10 to read

Delete £9.15 and insert £9.40

Delete £17,175 and insert £17,644

Delete 1.3.15 and insert 1.4.16

This amendment incorporates the London Living Wage increase due to be implemented on 1 April 2016.

Amend paragraph 3.14.2 to read

The Council's flexible retirement policy, adopted in 2011, enables eligible staff to receive their occupational pension and continue working, for a maximum period of up to two years, provided they either reduce their contractual hours by at least 50% or reduce the grade of their job by two grades. Two staff were retired flexibly in the period 1 January to 31 December 2015.

This paragraph has been amended to incorporate updated statistics.

Amend paragraph 3.14.4 to read

The Council has the discretion to agree the early retirement of a member of staff aged 55 to 60, where this is in the best interests of the efficiency of the service. In such cases, the Council considers each case on its merit and in the light of this determines a) whether to agree the request and b) where applicable, whether to waive any actuarial reduction that may arise. No staff were retired early in the interests of the efficiency of the service in the period 1 January to 31 December 2015.

This paragraph has been amended to incorporate updated statistics.

Insert 3.14.12

The Council notes and will be bound by the statutory regulations with regard to the cap on exit payments and re-engagement of senior officers after receiving an exit payment.

This insertion ensures the Council confirms its statutory responsibilities.

Amend paragraph 3.15 to read

Decisions to retire staff on grounds of permanent ill health are medical decisions over which the Council has little influence or discretion. In such cases, the Council will meet any additional costs that arise as specified in Regulation 20 of the Local Government Pension Scheme Regulations. Six staff have been retired on grounds of permanent ill health in the period 1 January to 31 December 2015.

This amendment incorporates the latest figures.

Amend paragraph 3.18.2 to read

The report on Fair Pay in the Public Sector highlights that in general terms, the multiple indicating the relationship between the pay of the Chief Executive and the pay of the general workforce in a local authority is significantly lower than for organisations of similar size, turnover and complexity in the private sector. The report indicates that typically the pay of the Chief Executive of a London Borough is approximately eight times that of the median pay of all staff (chart 2A, page 33, Fair Pay in the Public Sector). In 2015/16, the gross pay of the Chief Executive was 7.37 times the median pay for the whole of the Council's -schools workforce. For the past five years, the Chief Executive has declined to accept his contractual entitlement to a performance related increase in salary up to 10%. Consequently, the level of the multiple could change in the event that the Chief Executive opted to accept any entitlement to a non-consolidated performance related payment that might arise in future years. The multiple for 2015/16 will be published in the annual accounts.

This amendment updates the reference period.

Amend paragraph 3.20 to read

On 1 April 2013, the NHS public health function was transferred to local councils. The transfer was actioned under a statutory transfer scheme and transferred staff have been protected on their NHS pay, pensions and conditions of service. At present, there are eight staff on NHS terms and conditions. The terms of the transfer agreement protect councils from equal pay challenges until April 2015. However, from this date, councils will need to review the pay arrangements to ensure that any differentials are objectively justified. The numbers of public health staff on NHS conditions has steadily decreased since 1 April 2013 through natural wastage. It is planned to offer local government terms and conditions to all public health staff, as part of the restructuring of the

Council which will be completed by 1 September 2017.

This additional sentence makes reference to the end of the transfer arrangements.

- 3.4 A copy of the updated Pay Policy Statement has been attached as Appendix 1, which highlights the changes made in bold.

4. ALTERNATIVE OPTIONS CONSIDERED

The review and adoption of a Statutory Pay Policy Statement each financial year is a statutory requirement.

5. REASONS FOR RECOMMENDATIONS

To meet a statutory requirement.

6. COMMENTS OF THE DIRECTOR OF FINANCE, RESOURCES & CUSTOMER SERVICES

6.1. Financial Implications

No financial implications arise from the adoption of the proposed Pay Policy Statement.

6.2 Legal Implications

The Council is required under sections 38-43 of the Localism Act 2011(the Act) to adopt a pay policy statement for every financial year. The pay policy statement for 2016/17 must be adopted by 31 March 2016. The pay policy statement must be adopted by full council, and can only be varied by full council. Once it has been adopted, all determinations on pay, conditions and remuneration of chief officers (broadly, the chief executive, directors and assistant directors) for that year must be in accordance with the policy.

6.3 Key Risks

If the Council did not have an agreed Pay Policy, which is reviewed annually to ensure that it is fit for purpose, then the Council could be open to legal or equal pay challenges.

7. IMPACT ON COUNCIL PRIORITIES

7.1 Fairness for All

The annual adoption of a Pay Policy Statement will afford the Council a regular opportunity to ensure that the remuneration of senior managers remain commensurate with the responsibilities of the roles relative to the pay of the Council's overall workforce.

7.2 Growth and Sustainability

Ensuring the appropriate remuneration for senior managers should enable the Council to recruit and retain the best managers with a view to providing services to the community which stimulate growth in the local economy.

7.3 Strong Communities

The publication of the remuneration details of senior managers will ensure that the local community has access to the information needed to hold senior managers to account for the realisation of the Council's vision.

7.4 Equalities Impact Assessment

The production of a statutory pay policy statement is a legislative requirement which will only impact on a very small number of senior staff.

8. HEALTH AND SAFETY IMPLICATIONS

None

9. PUBLIC HEALTH IMPLICATIONS

Detailed in paragraph 3.20 of the Pay Policy.

Background Papers

None

The Council's Statutory Pay Policy 2016/17

1. Enfield Council is a large and diverse organisation providing a range of statutory and other services to a local community with a population of c300,000. It is responsible for managing a combined annual capital and revenue spend of c£1.1 bn. To ensure such a large and complex organisation is effectively led and efficiently managed, the Council needs to be able to attract and retain a range of high calibre and skilled managers and leaders. In a competitive job market, the value and composition of the remuneration package offered to senior managers i.e. Assistant Director and above is a key factor enabling the Council to attract, recruit, motivate and retain staff with the skills sets required to deliver the Council's vision objectives and aspirations, which in turn, have a significant impact on the lives of local residents.
2. This statement has been drawn up primarily to meet the requirements of Section 38(1) of the Localism Act 2011. The full details of the remuneration of both senior managers and other groups of staff employed by the Council will be published on the Council's website as required by the Code of Recommended Practice for Local Authorities on Data Transparency. The details of the remuneration received by individual senior managers in each financial year will be published in the annual statement of accounts.
3. **Pay Provisions**
 - 3.1 The implementation of the Council's pay and remuneration strategy for senior managers is overseen by the Remuneration Sub-Committee of the Council's Audit Committee.
 - 3.2 The key features of the Council's remuneration package for senior managers include
 - 3.2.1 a competitive salary structure that is aligned with benefits packages offered by other benchmark public sector organisations providing a similar range of services i.e. primarily other London boroughs;
 - 3.2.2 a pay structure where progression through the appropriate pay range is directly related to a senior manager's performance against the range of objectives set annually in consultation with Members. Under the terms of the Council's performance related pay scheme, originally agreed by Cabinet in 2006, pay progression through the top 10% of each salary range is not consolidated (i.e. is at risk) and consequently, the pay of individual senior managers can and does go down should performance levels fall and agreed objectives not met. The Council believes that adopting this approach promotes, recognises and rewards the high levels of performance that are expected within a delivery orientated organisation culture. This model of pay progression was extended to apply to all posts at middle management and above in 2010. Full details of the Council's performance related pay ranges are published on the Council's website as are details of how the performance related pay progression operates. The operation of

the performance related pay scheme is rigorously moderated and subject to independent audit. In 2011, this audit was undertaken by PricewaterhouseCoopers. The implementation of the performance related pay scheme for senior managers at Assistant Director level and above is overseen by the Remuneration Sub-Committee.

- 3.3 To further support the Council's aim of developing and embedding a delivery orientated organisation culture, the Council will take every opportunity to link progression through relevant pay ranges to the performance of individual members of staff.
- 3.4 As part of its commitment to ensuring equal value in pay matters, the Council determines the relative grades of the vast majority of jobs in the organisation through the application of recognised analytical job evaluation schemes. For the majority of staff, the job evaluation scheme used is that developed by the Greater London Provincial Council published in 2000. For middle and senior management jobs, the Hay Job Evaluation Scheme developed by Hay Management Consultants is used.
- 3.5 The Council determined the pay ranges for Heads of Service, Assistant Directors, Directors and the Chief Executive in 2006, with advice from Hay Management Consultants, using benchmarking data drawn from the Chief Officers Pay and Benefits Survey independently compiled by London Councils. The Council's middle and senior managers' pay ranges have a spread of 25 percentage points i.e. difference between the lowest and highest salary levels in the pay range. In the lower part of each salary range, i.e. points 1-16, performance related salary progression is consolidated i.e. once that level of salary is attained, it will be retained in future years, regardless of performance, while in the upper part of each salary range i.e. points 17-25, pay progression is not consolidated and can go up or down in line with recorded performance levels in the previous performance year. This model of performance pay being 'at risk' reflects that envisaged in the report to the Government on Fair Pay in the Public Sector published in 2011. In all, the Council has seven such performance related salary ranges covering 471 posts with salary ranges starting at or above £35,716 p.a.*
- 3.6 The pay ranges for middle and senior managers are increased in line with National Pay Agreements determined by the Joint National Council (JNC) for Chief Officers. The latest increase in JNC pay rates is effective from January 2015; currently,
 - 3.6.1 the salary range for the Chief Executive is £161,097-£189,528 (consolidated) through to £208,479 (non-consolidated);
 - 3.6.2 the salary range for the Directors of Schools & Children's Services, Regeneration & Environment, Finance, Resources & Customer Services, Health, Housing & Adult Social Care is £116,352-£136,884 (consolidated) through to £150,570 (non-consolidated);

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- 3.6.3 the actual levels of pay received by the Chief Executive and each Director are published annually in the Council's statement of accounts;
 - 3.6.4 the salary range for all Assistant Directors is £80,337-£94,514 (consolidated) through to £101,925 (non-consolidated);
 - 3.6.5 the contracts of employment of all senior managers only allow them to undertake additional duties and responsibilities with the recorded agreement of the Leader of the Council, in the case of the Chief Executive and the Chief Executive in the case of a Director or Assistant Director. Where these additional duties attract the payment of a fee, the Remuneration Sub-Committee will determine the proportion of that fee that is received by the individual senior manager and that received by the Council. In the specific case of fees for local and other election duties, the Council allows any fees received to be retained by the Chief Officers' fulfilling these roles.
- 3.7 The Council has the discretion to exceptionally make additional one off payments to staff at any level, including senior staff, in recognition of work undertaken in addition to that of their substantive role. Any such additional payments will be authorised by the Chief Executive, in the case of a payment being made to a Director or an Assistant Director and the Leader of the Council, in the case of discretionary payment being made to the Chief Executive. An objective justification for each such payment will be recorded on the employee's file. Any such additional payments made will be reflected in the relevant statements of earnings published in the annual statement of accounts. The Council has no provision to make a bonus payment to any member of staff.
- 3.8 The pay rates of other staff in the Council are based on a pay spine negotiated by the National Joint Council (NJC) for Local Government Services and supplemented to reflect regional differences arising from agreements made by the Greater London Provincial Council (GLPC). The last increase in the NJC pay spine is effective from January 2015. Typically, the pay range for each grade comprises four incremental pay points with staff progressing to the next pay point after specified periods of time in the post. Each grade pay range has a spread of c10% with each incremental step equating to c2½% increase in pay. All pay progression through the grade range is consolidated. The Council currently operates a performance related pay scheme for staff who work in the Customer Service Centre.
- 3.8.1 The Council will consider paying an appropriate market supplement, in addition to the job evaluated grade range where it can be objectively demonstrated that the Council is experiencing difficulties in recruiting and retaining suitably skilled and qualified staff to provide safe, efficient and effective high quality services and that the level of pay offered is the primary reason for this.

3.9 Pay on appointment

- 3.9.1 Under the terms of the Council's Constitution, all permanent appointments to posts graded Assistant Director, Director and Chief Executive are made by the Appointments' Panel. As progression through the relevant salary range is determined by performance, staff will normally be appointed at the minimum point of the grade unless there is an objectively justifiable reason for appointing to a higher salary and this is a) recorded and b) approved by the chair of the Appointments' Panel that made the appointment and c) reported to the next Council in the case of the appointment of a Director. (Note the Council's Constitution already requires the appointment of the Chief Executive to be ratified by the full Council). The composition of the Appointments' Panel for appointments to posts at Assistant Director, Director and Chief Executive is set out in the Council's Constitution.
- 3.9.2 The 2012 and 2013 government guidance on pay policy statements recommends that full Council should have the opportunity to vote before large salary packages are offered in respect of a new appointment, and propose £100,000 as an appropriate threshold. Supplementary guidance does not have the force of law but the council is required to have regard to it.
- 3.9.3 In Enfield, all appointments at Assistant Director level and above are made by an Appointments Sub-Committee comprising elected members of both political parties; and the adopted pay policy already requires a report to be made to Council where it is proposed to offer the appointment at a salary other than the minimum of the appropriate salary range.

The council's Constitution already requires the appointment of a new Chief Executive to be ratified by full Council, and such an approval could be explicit as to the salary to be offered; so this leaves only Director level posts where the salary offered on appointment could exceed the £100,000 threshold. The salary range for Directors is fixed (see paragraph 3.6.2 above) and is binding on the council by virtue of the pay policy statement. If there is a decision to pay a Director at a higher point, it must be reported to the next full Council meeting. If the matter is reported to full Council, it would be open to a member to move a motion on the matter which could be the subject of a vote. The Council therefore, believes that the requirements of openness and accountability and the principles of transparency are met by existing procedures. Set against this, the potential delays in waiting for a full Council meeting before being able to offer a job, or having to renegotiate the salary, risk losing good candidates and increasing recruitment costs.

- 3.9.4 On this basis, the council is satisfied that its existing mechanism for senior appointments allows for an appropriate level of accountability, openness and oversight by members.
- 3.9.5 Appointments to posts at all other levels in the Council will be made at the minimum point of the relevant grade unless agreed by the Assistant Director of Human Resources or as specified in the approved scheme of delegation. Where appointments are made to salary levels above the minimum of the scale, the objectively justifiable reasons for this will be recorded on the relevant personnel file. The Council does not make any additional payments to prospective senior managers to encourage them to join the Council's workforce. Relocation expenses can be paid in approved cases where these are agreed by the Chair of Appointments' Panel that made the appointment.
- 3.9.6 From time to time, to meet unforeseen temporary business needs, it may be necessary for the Council to engage specialists contractors/agency workers to cover elements of the roles of senior manager posts. In such cases, the engagement of such workers and the rates of payment and conditions of engagement will be approved by the Cabinet Member for Finance & Corporate Resources which will not necessarily be in line with the Council's general terms and conditions for staff engaged under a permanent contract of employment.
- 3.9.7 The Council would not normally consider appointing a person to a permanent senior management post other than under a normal employment contract.

3.10 **Low pay**

In March 2011, the Cabinet determined that irrespective of the grade of a job as determined by the application of an analytical job evaluation process, the minimum level of pay received by any employee would be the level of the London Living Wage as set/amended from time to time by the Greater London Authority. The Council will determine the lowest paid by reference to the contractual hourly rate of pay of the employee. For these purposes Apprentices are considered to be engaged under training rather than employment contracts. The London Living Wage is currently **£9.40** per hour i.e. **£17,644** per annum for a full time worker (i.e. working 36 hours per week). Where appropriate, basic levels of pay that are on or below the GLPC pay spine point 9 or equivalent on **1.4.16** are enhanced by the payment of a pay appropriate supplement to ensure that every member of staff receives a level of pay is equivalent to the level of the London Living Wage. GLPC pay spine point 10 is currently the first point in the GLPC pay spine that is above the current level of the London Living Wage. The pay spine point below which supplements are paid will vary in line with increases in the London Living Wage. Any subsequent increase in the London Living Wage will be implemented within six months of the increase in the level of London Living Wage being announced. The Council staff will not adjust the basic wage levels of staff already in receipt of pay levels that are above the London Living Wage for the purpose of maintaining

grade/pay differentials. An explanation of the Council's reasons for adopting the London Living Wage as the low pay benchmark are set out in report 207 considered by the Cabinet on 9 March 2011.

3.11 Working hours

3.11.1 Middle and senior managers in the Council do not have a specified working week and are required to work the hours necessary for the effective performance of their duties. It is not unusual for senior managers in the organisation i.e. Assistant Directors, Directors and Chief Executive to regularly work up to 60 hours per week without any compensatory time off or additional payments being made.

3.11.2 Staff other than middle and senior managers work a basic 36 hour week and are entitled to time off in lieu or additional payments in respect of any hours worked in excess of an average of 36 hours per week calculated over specified periods. Enhanced payments are made to staffs who are contractually required to work at night, at weekends and on bank holidays.

3.12 Other non-pay benefits

3.12.1 Holiday entitlement

In addition to paid time off in respect of public/bank holidays, the paid annual leave entitlement for all staff is set out in the following table:-

Directors and Assistant Directors	Completed Years of Continuous Service as at 31 March	
	0 - 4 years	5 + years
Chief Executive & Directors	32 days	35 days
Assistant Directors	29 days	32 days

Other Staff	Completed Years of Continuous Service as at 31 March	
Grade and pay spine	0 - 4 years	5 + years
Up to and including Scale 4 (scp 1-21)	24 days	29 days
Scales 5-6 (scp 22-28)	25 days	30 days
SO1 to PO2 (from scp 29)	26 days	31 days
MM1 to HOS2	29 days	31 days

3.12.2 Sick pay

While unable to work because of illness, staff at all levels receive

During 1 st year of service	1 month's full pay and (after completing 4 months' service) 2 months' half pay
During 2 nd year of service	2 months' full pay and 2 months' half pay
During 3 rd year of service	4 months' full pay and 4 months' half pay
During 4 th and 5 th year of service	5 months' full pay and 5 months' half pay
After 5 years' service	6 months' full pay and 6 months' half pay

This provision mirrors the national terms and conditions for local authorities' staff.

3.13 Other general terms and conditions of service

Other general terms and conditions of service for senior staff are as determined by the Joint National Council for Chief Officers and for other staff by the National Joint Council for Local Government Services.

3.14 Termination payments

3.14.1 In 2010, the Cabinet adopted a revised policy in respect of the level of discretionary payments made to staff who were made redundant. Under the terms of this policy, which applies to staff at all levels including senior managers, on being made redundant, staff who are immediately able to access their occupational pension payments will receive a redundancy payment which is calculated using the statutory table for the calculation of redundancy payments with the payment being based on an actual week's pay i.e. salary ÷ 52.14 weeks, rather than a statutory week's pay. In all cases of redundancy of staff at all levels the Council automatically waives any actuarial reduction in pension payments that would otherwise arise. Staff who are not able to access an occupational pension for any reason receive a supplementary additional discretionary payment calculated on half a week's actual pay for every year of local government service. The Council's redundancy payments scheme is located at http://enfieldeye/downloads/file/8665/redundancy_compensation_provisions

3.14.2 The Council's flexible retirement policy, adopted in 2011, enables eligible staff to receive their occupational pension and continue working, for a maximum period of up to two years, provided they either reduce their contractual hours by at least 50% or reduce the

grade of their job by two grades. **Two staff were retired flexibly in the period 1 January to 31 December 2015.**

- 3.14.3 On 21 March 2012, the Council adopted a severance policy under which staff at all levels in the Council could be allowed to leave the Council's employment with a discretionary severance payment. Details of this scheme are set out in the relevant Cabinet report.
- 3.14.4 The Council has the discretion to agree the early retirement of a member of staff aged 55 to 60, where this is in the best interests of the efficiency of the service. In such cases, the Council considers each case on its merit and in the light of this determines a) whether to agree the request and b) where applicable, whether to waive any actuarial reduction that may arise. **No staff were retired early in the interests of the efficiency of the service in the period 1 January to 31 December 2015.**
- 3.14.5 While under the specific circumstances set out in this statement, the Council may waive the actuarial reduction that would otherwise arise as a consequence of the early payment of an employee's occupational pension; the Council does not enhance the pension provision of any staff.
- 3.14.6 The Council would not normally consider re-engaging in any capacity any senior member of staff who had left the Council with a discretionary compensatory payment within two years of his/her recorded last day of service. Any proposal to do so would be subject to the agreement of an appropriately constituted Appointments' Panel.
- 3.14.7 The Council has no provision to make any other termination payments to staff at any level in the organisation other than in settlement of a potential or actual legal claim against the Council. Any such payment to a senior member of staff would be agreed by the Chief Executive or appropriate Director, in consultation with the Leader of the Council, under the terms of an appropriate Compromise Agreement following receipt of written legal advice.
- 3.14.8 As a matter of principle, the Council expects all staff to work any contractual periods of notice unless it is considered this would not be in the best interests of the Council.
- 3.14.9 Where the Council proposes to exercise its discretion to make a severance payment of £100,000 or more, under paragraphs 3.14.2 (flexible retirement), 3.14.3 (severance) or 3.14.4 (early retirement in the interests of efficiency), the proposal shall be referred to full Council for decision.
- 3.14.10 Where the Council proposes to make an officer redundant which will involve costs of £100,000 or more and which is in excess of the provisions detailed in paragraph 3.14.1, the proposal should be referred to full Council for decision.

3.14.11 Where the Council has incurred costs in relation to the redundancy of an officer in excess of £100,000 but which consists exclusively of payments made in accordance with the Council's redundancy scheme detailed in paragraph 3.14.1, the payment will be reported to the Remuneration Sub Committee for information.

3.14.12 **The Council notes and will be bound by the statutory regulations with regard to the cap on exit payments and re-engagement of senior officers after receiving an exit payment.**

3.15 Retirement on medical grounds

Decisions to retire staff on grounds of permanent ill health are medical decisions over which the Council has little influence or discretion. In such cases, the Council will meet any additional costs that arise as specified in Regulation 20 of the Local Government Pension Scheme Regulations. **Six staff have been retired on grounds of permanent ill health in the period 1 January to 31 December 2015.**

3.16 Other payment/reimbursement of expenses/accommodation costs

3.16.1 Middle and senior managers engaged on grades MM2 and above are not reimbursed for any additional expenses incurred in the course of carrying out their duties within the borough boundaries. Reimbursement of actual costs incurred is made in respect of additional costs incurred in travelling outside the borough on production of an appropriate receipt. Where Council business necessitates an overnight stay and it has not been possible for the Council to directly pay for accommodation and/or meals in advance, all staff including senior managers are reimbursed all reasonable costs as set out in the Council's policy on subsistence allowances and overnight stays as approved by the appropriate Director for Assistant Directors, the Chief Executive for Directors and the Leader of the Council for the Chief Executive. No senior managers were reimbursed for overnight expenses in the period up to April 2012.

3.16.2 All other staff are reimbursed for additional expenses incurred in the course of undertaking their duties irrespective as to whether this work is undertaken within or outside the borough boundaries. Reimbursements of expenses for other staff are authorised in accordance with the Council's Scheme of Delegation.

3.17 Occupational pension provisions

3.17.1 All staff are eligible to join the Local Government Pension Scheme. Approximately 86% of the workforce are currently members of the Pension Scheme. The level of contributions made by staff is determined by Regulations. In addition, the Council makes a contribution to the Local Government Pension Scheme in respect of each member of staff who is a member of the scheme.

3.17.2 The level of pension contribution made by the Council is based on actuarial calculations approved by the Council's Pension Board from time to time.

3.17.3 In the light of recent changes in general taxation legislation and particularly in respect of the annual and lifetime pension allowances, there is an increasing likelihood that in the medium term, a number of senior managers will choose to cease to be members of the Local Government Pension Scheme. In such cases, the Council would not make any compensatory payment to a senior manager to maintain the overall value of the individual's remuneration package.

3.18 **Relationship between the remuneration of the Chief Executive and that of the overall workforce**

3.18.1 Section 38(2) of the Localism Act 2011 requires the Council to set out policies on the relationship between the remuneration of its chief officers and that of other staff. The Code of Recommended Practice for Local Authorities on Data Transparency defines the "pay multiple as the ratio between the highest paid salary and the median average salary of the whole of the authorities' workforce".

3.18.2 The report on Fair Pay in the Public Sector highlights that in general terms, the multiple indicating the relationship between the pay of the Chief Executive and the pay of the general workforce in a local authority is significantly lower than for organisations of similar size, turnover and complexity in the private sector. The report indicates that typically the pay of the Chief Executive of a London Borough is approximately eight times that of the median pay of all staff (chart 2A, page 33, Fair Pay in the Public Sector). **In 2015/16**, the gross pay of the Chief Executive was **7.37** times the median pay for the whole of the Council's non-schools workforce. For the past **five** years, the Chief Executive has declined to accept his contractual entitlement to a performance related increase in salary up to 10%. Consequently, the level of the multiple could change in the event that the Chief Executive opted to accept any entitlement to a non-consolidated performance related payment that might arise in future years. The multiple for **2014/15** will be published in the annual accounts.

3.18.3 To ensure the Council continues to offer a competitive remuneration package to staff at all levels in the organisation, the Council periodically undertakes a benchmarking exercise to ensure that potential pay levels remain aligned with the median pay of other London Boroughs.

3.19 **Shared services**

Where the Council agrees to share the services of a senior manager with one or more other councils, then the remuneration and terms of conditions

of employment will be determined by the primary employer with the secondary employer reimbursing the primary employer an agreed sum.

3.20 **Public Health Team**

On 1 April 2013, the NHS public health function was transferred to local councils. The transfer was actioned under a statutory transfer scheme and transferred staff have been protected on their NHS pay, pensions and conditions of service. **At present, there are eight staff on NHS terms and conditions. The terms of the transfer agreement protect councils from equal pay challenges until April 2015. However, from this date, councils will need to review the pay arrangements to ensure that any differentials are objectively justified.**

The numbers of public health staff on NHS conditions has steadily decreased since 1 April 2013 through natural wastage. It is planned to offer local government terms and conditions to all public health staff, as part of the restructuring of the Council which will be completed by 1 September 2017.