

London Borough of Enfield

Committee Name: Staff Appeals, Appointments & Remuneration Committee

Meeting Date: 12 January 2021

Subject: Review & Adoption of a Statutory Pay Policy Statement

Cabinet Member: Cllr Nesil Caliskan

Executive Director: Ian Davis/Tinu Olowe

Key Decision: No

Purpose of Report

1. The Localism Act 2011 requires all Councils to review and adopt a Pay Policy Statement each financial year. This report proposes the amendments detailed in paragraph 7 below to the Council's policy agreed in 2020 for adoption in the financial year 2021/22.

Proposal(s)

2. The Staff Appeals, Appointment and Remuneration Committee agrees the amendments to the statutory Pay Policy Statement attached as Appendix 1 of this report.
 - a. The amended Pay Policy Statement is referred to Full Council for ratification on 24 February 2021.

Reason for Proposal(s)

3. Sections 38 to 43 of The Localism Act 2011 required all Councils to formally adopt a pay policy statement by 31 March 2012. The Council also has a duty to have regard to statutory guidance issued pursuant to s.40 of the Act. The Council has had regard to relevant guidance as referred to in the pay policy at Appendix 1. 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.

Relevance to the Council Plan

4. Enfield Council is a large and diverse organisation providing a range of statutory and other services to a local community with a population of c333,000. It is responsible for managing an annual revenue budget of £1.1bn and a 10-year capital budget of £2.3bn. 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. 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.

Background

5. Sections 38 to 43 of The Localism Act 2011 required all Councils to formally adopt a pay policy statement by 31 March 2012. The Council also has a duty to have regard to statutory guidance issued pursuant to s.40 of the Act. The Council has had regard to relevant guidance as referred to in the pay policy at Appendix 1. 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.
6. In broad terms, the Act requires that the Statutory Pay Policy Statement includes:
 - a. A local authority's policy on the level and elements of remuneration for each chief officer
 - b. 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)
 - c. A local authority's policy on the relationship between the remuneration of its chief officers and other officers
 - d. 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.

Main Considerations for the Council

7. The only significant change over the past year is the introduction of the Restriction of Public Sector Exit Payments Regulations 2020 (the Public Sector Exit Payment Regulations 2020) that came into force on 4 November 2020 and the provisions therein are outlined in the Council's Public Sector Exit Payments Regulations 2020 Remuneration Report (Appendix 2). Under the new Regulations a cap of £95,000 (Exit Payment Cap) is imposed on all payments made on termination of employment as set out under bullet point 'p' below and section 3.14 of the Pay Policy Statement (Appendix 1). The restrictions set out in the Public Sector Exit Payments Regulations 2020 have been incorporated in the Pay Policy Statement. Otherwise, there have not been any significant changes over the past 12 months. After a review of the operation of the pay policy for the financial year 2019/20 the Staff Appeals, Appointments & Remuneration Sub-Committee is requested to agree to put forward the following amendments for recommendation:
 - a. Paragraph 1 has been updated to reflect the annual revenue budget and capital budget for 2020/21.
 - b. Paragraph 3.1 has been updated to reflect the revised name of the Staff Appeals, Appointments & Remuneration Sub-Committee.
 - c. Paragraph 3.3 has been updated to remove narrative of the senior manager's performance related pay progression that was replaced with the current pay structure of progression through experience in 2018.
 - d. Paragraph 3.5.1. has been updated to reflect the current number of senior manager posts (608) and the starting salary range for middle manager posts (£38,946).
 - e. Paragraph 3.6 has been updated to reflect the 2020 Joint National Council (JNC) pay deal for middle and senior managers of 2.75% from April 2020.
 - f. Paragraph 3.6.1 has been updated to reflect the salary range for the Chief Executive, £175,674 - £208,746.
 - g. Paragraph 3.6.2 has been updated to reflect the salary range for Executive Directors, £126,882 - £164,196.
 - h. Paragraph 3.6.4 has been updated to reflect the salary range for Directors, £102,570 - £125,244.

- i. Paragraph 3.6.5. has been updated to reflect the correct name of the Staff Appeals, Appointments & Remuneration Sub-Committee.
- j. Paragraph 3.8 has been updated to reflect the 2020 National Joint Council (NJC) pay deal of 2.75% for all staff graded PO2 and below from April 2020.
- k. Paragraph 3.9.3. has been updated to reflect there is more than one opposition party.
- l. Paragraph 3.10 has been updated to reflect the London Living Wage hourly rate of £10.85 that was set on 9 November 2020. Following the implementation of the 2020 NJC pay award the bottom point of the NJC pay scale for London remains above the London Living Wage.
- m. Paragraph 3.14.2. has been updated to state three members of staff were retired flexibly in the period 1 January to 31 December 2020.
- n. Paragraph 3.14.3. has been updated to state no employees left on the basis of voluntary severance in the period 1 January to 31 December 2020.
- o. Paragraph 3.14.4. has been updated to state no employees retired early in the interests of the efficiency of the service in the period 1 January to 31 December 2020.
- p. Paragraph 3.14.9 to 3.14.15 has been amended and expanded to make reference to the Public Sector Exit Payments Regulations (2020) as detailed in paragraph therein.
- q. Paragraph 3.14 captures the key requirements of the Public Sector Exit Payments Regulations 2020 that came into force on 4 November 2020. The Regulations impose a cap of £95,000 to most payments made on the termination of employment, including redundancy pay, pension strain costs (to prevent reduction of a pension on early retirement), severance and ex-gratia payments, payments in lieu of notice (except where the payment does not exceed a quarter of the employee's salary). The Public Sector Exit Payments Regulations 2020 allow for the £95,000 cap to be relaxed exercisable only by Full Council and with the consent of the Treasury.
- r. Paragraph 3.15 has been updated to state seven members of staff have been retired on grounds of permanent ill health in the period 1 January to 31 December 2020.
- s. Paragraph 3.18.2. has been updated to state the gross pay of the Chief Executive was 6.7 times the median pay for the whole of the Council's non-schools workforce in 2019/20 (previously 6.4 times).
- t. Paragraph 3.20. has been updated to reflect the current position regarding staff who transferred from the NHS public health function in 2013. One member of staff now remains on NHS terms.

Safeguarding Implications

- 8. No safeguarding implications have been identified.

Public Health Implications

- 9. Detailed in paragraph 3.20 of the Pay Policy

Equalities Impact of the Proposal

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

Environmental and Climate Change Considerations

11. There are no environmental and climate change considerations.

Risks that may arise if the proposed decision and related work is not taken

12. The Council would not be compliant with Sections 38 to 43 of The Localism Act 2011.

Risks that may arise if the proposed decision is taken and actions that will be taken to manage these risks

13. The Council would be compliant with Sections 38 to 43 of The Localism Act 2011 and no further risks have been identified.

Financial Implications

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

Legal Implications

15. 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 2020/21 must be adopted by 31 March 2021. 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.

16. The Council pay policy statement is required to comply with all relevant employment legislation and is bound by any collective agreements and contractual arrangements in place which cannot be unilaterally altered.

17. Relevant legislation includes, but is not limited to, the Employment Rights Act 1996, Equality Act 2010, Part Time Employment (Prevention of Less Favourable Treatment) Regulations 2000, the Transfer of Undertakings (Protection of Employment) Regulations 2006, as amended. The Council is required to ensure there is no discrimination within its pay structures and that all pay differentials can be objectively justified.

18. The Council is required to respond to legislative and regulatory changes affecting the workforce including any impact on its pay policy and is required to make any necessary arrangements to comply with any legislative and regulatory changes. The Restriction of Public Sector Exit Payments Regulations 2020 (the Public Sector Exit Payments Regulations 2020) which came into force on 4 November 2020 impacts the council pay policy statement. The Council has a mandatory duty to comply the regulations and cap exit payments at £95,000. The Council's Public Sector Exit Payments Regulations 2020 Remuneration Report (Appendix 2) outlines the requirements incumbent on the Council and highlights the conflict between the Public Sector Exit Payment Regulations 2020 and the current LGPS Regulations. The LGPS Regulations are under review and pending updating in the Spring of 2021. There are a number of legal challenges to the Public Sector Exit Payments Regulations 2020 pending. Notwithstanding, the pending outcomes of the LGPS review and legal challenges, the Council is currently required to comply with the Public Sector Exit Payments Regulations 2020 and cap exit payments at £95,000. The Council's Statutory Pay Policy 2021 is required to incorporate the requirements

of the Public Sector Exit Payments Regulations 2020 (see Appendix 1 paragraph 3.14.9-3.14.15). The Council's Statutory Pay Policy 2021 will require to be reviewed pending the outcomes of the LGPS Regulations Review and the legal challenges

Workforce Implications

19. The Council should ensure the approved Pay Policy Statement for 2020/21 is published on the Council's website and internal Intranet site. All decisions relating to payments to staff must be compliant with the Pay Policy Statement.

Property Implications

20. No Property implications have been identified.

Other Implications

21. None identified

Options Considered

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

Conclusions

23. Under sections 38-43 of the Localism Act 2011 the Council is required to adopt a pay policy statement for every financial year. This report provides details of all changes made to the previous pay policy statement for 2019/20 and a draft revised pay policy statement is included in Appendix 1.

24. The Staff Appeals, Appointments & Remuneration Sub-Committee is requested to agree to put forward the proposed amendments for recommendation and approval at Full Council on 24 February 2021.

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Date of report: 29 December 2020

Appendices

Appendix 1 – The Council's Statutory Pay Policy 2020/21 (included)

Appendix 2 – The Council's Public Sector Exit Payments Regulations 2020 Staff Appeals, Appointments & Remuneration Committee Report (attached)

Background Papers

[Hutton Review of Fair Pay](#)

The Council's Statutory Pay Policy 2020/21

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 c333,000. It is responsible for managing an annual revenue budget of £1.1bn and a 10-year capital budget of £2.3bn. 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. 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 Staff Appeals, Appointments & Remuneration Sub-Committee.
- 3.2. The key features of the Council's remuneration package for senior managers includes a competitive salary structure that is aligned with benefits packages offered by other benchmark public sector organisations providing a similar range of services, such as other London boroughs.
- 3.3. The Council adopted a pay structure of progression through experience from 1 July 2018. The Council believes that adopting this approach promotes greater transparency and is consistent with the pay progression for other Council staff. This model of pay progression through experience will apply to all posts at middle management and above.
- 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 (now Korn Ferry) is used.

- 3.5. The Council determined the pay ranges for Heads of Service, Directors, Executive Directors and the Chief Executive in 2006, with advice from Hay Management Consultants (Korn Ferry), using benchmarking data drawn from the Chief Officers Pay and Benefits Survey independently compiled by London Councils.
- 3.5.1. In 2018 the Council's middle and senior managers' pay ranges were consolidated into six points. Under the six-point scale it will take up to six years to progress to the top of the pay range, but all payments are guaranteed once progression is granted. In all, the Council has eight such middle and senior manager salary ranges covering 608 posts with salary ranges starting at or above £38,946 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 was 2.75% effective from April 2020;
- 3.6.1. the salary range for the Chief Executive is £175,674 - £208,746;
- 3.6.2. the salary range for the Executive Directors of People, Place, Resources is £126,882 - £164,196;
- 3.6.3. the actual levels of pay received by the Chief Executive and each Executive Director are published annually in the Council's statement of accounts;
- 3.6.4. the salary range for all Directors is £102,570 - £125,244;
- 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 an Executive Director and Director. Where these additional duties attract the payment of a fee, the Staff Appeals, Appointments & 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 an Executive Director, 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 was 2.75% effective from April 2020. This pay deal brings the lowest pay point above the London Living Wage and ensures a pay differential between lower pay grades. All pay progression through the grade range is consolidated. Typically, the pay range for each grade comprises of between two and five incremental pay points with staff progressing to the next pay point after specified periods of time in the post.

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 Director, Executive Director and Chief Executive are made by the Appointments' Panel. 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 an Executive 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 Director, Executive 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 Director level and above are made by a sub-committee of the staff appeals, appointment and remuneration committee comprising elected members of all main political groups; 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 and Executive Director level posts where the salary offered on appointment could exceed the £100,000 threshold. The salary range for Directors and Executive Directors is fixed (see paragraph 3.6 above) and is binding on the council by virtue of the pay policy statement. If there is a decision to pay an Executive 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 Director of HR & OD 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 & Procurement 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 £10.85 per hour (from 9 November 2020) i.e. £20,365.88 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 from the April following any increase to the London Living Wage are enhanced by the payment of a pay appropriate supplement to ensure that every member of staff receives a level of pay that is equivalent to the level of the London Living Wage. With effect from 1 April 2020 the bottom point of the GLPC pay spine is currently above the previous London Living Wage hourly rate of £10.75 (agreed November 2019) and the bottom point of the new GLPC pay spine from 1 April 2021 is expected to remain above the current 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. Where the London Living Wage rises above the minimum pay point the Council will not adjust the basic wage levels of staff 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. Directors, Executive Directors and Chief Executive to regularly work above a 48 hour working 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 & Executive Directors	32 days	35 days
Directors	29 days	32 days

Other Staff	Completed Years of Continuous Service as at 31 March	
	0 - 4 years	5 + years
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 HOS3	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 [Discretionary Redundancy Compensation Provision](#).
- 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. Three staff were retired flexibly in the period 1 January to 31 December 2020.
- 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. No employees left on the basis of voluntary severance in the period 1 January to 31 December 2020.
- 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 employees retired early in the interests of the efficiency of the service in the period 1 January to 31 December 2020.
- 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 or via a settlement agreement 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 Executive 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. The Restriction of Public Sector Exit Payments Regulations 2020 (the Public Sector Exit Payment Regulations 2020) came into force on 4 November 2020. These Regulations provide for a cap of £95,000 (Exit Payment Cap) which is applicable to most payments made on termination of employment including redundancy pay, pension strain costs to prevent reduction of a pension on early retirement, severance and ex-gratia payments, payments in lieu of notice (except where the payment does not exceed a quarter of the employee's salary). The Council is required to restrict exit payments in accordance with the Exit Payment Cap provided within the Public Sector Exit Payments Regulations 2020. There are limited mandatory exclusions including TUPE provisions and whistleblowing settlements.
- 3.14.10. The Public Sector Exit Payments Regulations 2020 impact the LGPS Regulations which are currently under review following consultation and are expected to be updated in Spring 2021.
- 3.14.11. The Public Sector Exit Payments Regulations 2020 permit the £95,000 Exit Payment Cap to be relaxed in limited circumstances exercisable only by Full Council and subject to the consent of the Treasury.
- 3.14.12. Where the Council proposes to exercise its discretion to make a severance payment that exceeds £95,000, 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 which decision would be subject to the consent of the Treasury in accordance with the requirements of the Public Sector Exit Payments Regulations 2020.
- 3.14.13. Where the Council proposes to make an officer redundant which will involve costs exceeding £95,000 and which is in excess of the provisions detailed in paragraph 3.14.1, the proposal should be referred to full Council for decision which decision would be subject to the consent of the Treasury in accordance with the requirements of the Public Sector Exit Payments Regulations 2020.

- 3.14.14. Where the Council has incurred costs in relation to the redundancy of an officer in excess of £95,000 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 staff appeal, appointment and remuneration committee for information.
- 3.14.15. The Council notes and will be bound by the Public Sector Exit Payments Regulations 2020 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. Seven staff have been retired on grounds of permanent ill health in the period 1 January to 31 December 2020.

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 Executive Director for Directors, Director for HOS, and, the Chief Executive for Executive Directors and the Leader of the Council for the Chief Executive.
- 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 2019/20, the gross pay of the Chief Executive was 6.7 times the median pay for the whole of the Council's non-schools' workforce. –The multiple for 2019/20 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 is one member of 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.