

London Borough of Enfield

Council

Meeting Date: 23 February 2023

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 to provide transparency with regard to the Council's approach to settling the pay of its employees (excluding those working in local authority schools). This report proposes the amendments detailed in paragraph 7 below to the Council's policy agreed in 2022 for adoption in the financial year 2023/24.

Proposal(s)

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

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 be 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 £1.2bn and a 10-year capital budget of £2.7bn. 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 be 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. There were no significant changes over the past year and following a review of the operation of the pay policy for the financial year 2021/22 the following amendments have been recommended for adoption in the 2022/23 Statutory Pay Policy:
 - a. Paragraph 1 has been updated to reflect the annual revenue budget and capital budget for 2022/23.
 - b. Paragraph 4 has been included to provide oversight of the legislative framework used in determining pay and remuneration for all Council employees.
 - c. Paragraph 5.6. has been updated to reflect the current number of senior manager posts (658).
 - d. Paragraph 5.7 has been updated to reflect the 2022 Joint National Council (JNC) pay deal for middle and senior managers.
 - e. Paragraph 5.9 has been updated to reflect the 2022 National Joint Council (NJC) pay award all staff graded Scale 1 to PO2.
 - f. Paragraph 5.9 includes reference to the 2022 NJC pay agreement that also agreed from 1 April 2023, Spinal Column (SPC) Point 1 will be permanently deleted from the NJC pay spine.
 - g. Paragraph 5.9 and 5.11.1 has been updated to reflect the London Living Wage hourly rate of £11.95 that was set in November 2022. This is below the minimum hourly rate of £12.50 for spinal column point 1 of the NJC pay scale and therefore there is no requirement for the Council to pay a London Living Wage supplement.
 - h. Paragraph 5.10.6 has been updated to state appointments to all posts below Director level will be made at the minimum point of the relevant grade unless agreed by the relevant service director and supported by an objective business case.
 - i. Paragraph 5.10.7 has been updated to state the engagement of specialist contractors/agency workers to cover elements of the roles of senior manager posts, including the rates of payment, will be approved by the Executive Director for Resources and the Director of HR & OD.

- j. As part of the NJC National Pay Award an additional day annual leave has been added to all annual leave entitlements for officers graded Scale 1 to PO2 from April 2023. This has been referenced in paragraph 5.13.1.
- k. Paragraph 5.15.2. has been updated to state three members of staff were retired flexibly in the period 1 January to 31 December 2022.
- l. Paragraph 5.15.3. has been updated to state no employees left on the basis of voluntary severance in the period 1 January to 31 December 2022.
- m. Paragraph 5.15.4. 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 2022.
- n. Paragraph 5.15.8 has been included to explain the current position regarding the statutory guidance issued by the Department for Levelling Up, Housing & Communities (DLUHC) relating to Special Severance Payments (SSP). It explains there are still some outstanding points requiring further clarification with regards to governance and approval that is being progressed by the LGA. For the purpose of this guidance an SSP will include payments made to employees, office holders, workers, contractors and 'others' outside of statutory, contractual or other requirements when leaving employment in public service. In deciding whether it is appropriate to make an SSP the Government expects that local authorities should consider whether the payment would be a proper use of public money. That includes considering the economic rationale for making such payments, as well as the impact on efficiency and effectiveness.
- o. Paragraph 5.16.1 has been updated to state eleven members of staff have been retired on grounds of permanent ill health in the period 1 January to 31 December 2022.
- p. Paragraph 5.18.1 has been updated to state 86% of the workforce are members of Local Government Pension Scheme.
- q. Paragraph 5.19.2. has been updated to state the gross pay of the Chief Executive was 6.2 times the median pay for the whole of the Council's non-school's workforce in 2021/22 (previously 6.6 times).

Safeguarding Implications

- 8. No safeguarding implications have been identified.

Public Health Implications

- 9. There are no Public Health implications.

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. The Medium-Term Financial Plan (MTFP) spending assumptions allows for the provision of future years pay award, with circa £5.4m currently estimated for 2023/24.
15. As part of the 2022 pay agreement, the NJC agreed that from 1 April 2023, Spinal Column (SPC) Point 1 will be permanently deleted from the NJC pay spine (this will move any officers currently on SPC 1 to SPC 2, currently a difference of £171 per annum). It is estimated that this will cost circa £32k based on the current number of employees on Scale Point 1. This increase will be managed within provision of £5.4m allowed for in the spending assumptions in the MTFP.

Legal Implications

16. 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 2022/23 must be adopted by 31 March 2023. 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.
17. 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. Any changes to pay scales or pay awards are dealt with through collective bargaining and will not require contractual amendments as these are already accounted for in current terms and conditions. However, any changes to the way in which staff are remunerated would need to be dealt with by consultation and an agreed contract variation or the offer of new contractual terms through re-engagement following the Council's agreed employment processes.
18. The adoption of the Pay Policy Statement will ensure compliance with the relevant provisions of the Act, thus mitigating the risk of legal challenge.
19. 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. In determining the pay and remuneration of all its employees, the Council is required to comply with all applicable legislation and ensure there is no discrimination within its pay structures and that all pay differentials can be objectively justified.
20. 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 and minor changes as set out in this report.
21. When formulating its annual Pay Policy Statement, the Council must have due regard to the need to eliminate unlawful conduct under the Equality Act 2010, the need to advance equality of opportunity and the need to foster good relations

between persons who share a protected characteristic and those who do not, (the public sector equality duty).

Workforce Implications

22. The Council should ensure the approved Pay Policy Statement for 2022/23 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

23. No Property implications have been identified.

Other Implications

24. None identified

Options Considered

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

Conclusions

26. 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 2021/22 and a draft revised pay policy statement is included in Appendix 1.

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

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Date of report: 4 January 2022

Appendices

Appendix 1 – The Council's Statutory Pay Policy 2022/23 (included)

Background Papers

[Hutton Review of Fair Pay](#)



Introduction

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 £1.2bn and a 10-year capital budget of £2.7bn. 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.

The purpose of this policy is to clarify on the Council's strategic stance on pay in order to provide direction for elected members and officers making detailed decisions on pay and to provide residents with a clear statement of the principles underpinning decisions on the use of public funds.

The Council's Statutory Pay Policy 2022/23

1. 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.
2. This statement is to provide transparency with regard to the Council's approach to setting the pay of its employees (excluding those working in local authority schools) by identifying:
 - 2.1. the methods by which salaries of all employees are determined
 - 2.2. the detail and level of remuneration of its most senior staff i.e., 'chief officers,' as defined by the relevant legislation
 - 2.3. the Panel responsible for ensuring the provisions set out in this statement are applied consistently throughout the Council and for recommending any amendments to the statement to the full Council
3. This statement has been approved by Full Council on xx March 2023 and any changes during the year will be brought back to Full Council for adoption at the earliest opportunity.
4. **Legislative Framework**
 - 4.1. In determining the pay and remuneration of all of its employees, the Council will comply with all relevant employment legislation. This includes, but is not an exhaustive list, the Equality Act 2010, Part Time Employment (Prevention of Less Favourable Treatment) Regulations 2000, The Agency Workers Regulations 2010 and where relevant, the Transfer of Undertakings (Protection

of Earnings) Regulations 2006. With regard to the Equal Pay requirements contained in the Equality Act, the Council ensures there is no pay discrimination within its pay structures and that all pay differentials can be objectively justified through the use of equality-proofed job evaluation mechanisms which directly relate salaries to the requirements, demands and responsibilities of the role.

5. Pay Provisions

- 5.1. The implementation of the Council's pay and remuneration strategy for senior managers is overseen by the Staff Appeals, Appointments & Remuneration Sub-Committee.
- 5.2. 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.
- 5.3. 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.
- 5.4. 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 (now Korn Ferry), using benchmarking data drawn from the Chief Officers Pay and Benefits Survey independently compiled by London Councils.
- 5.5. The Council adopted a pay structure of progression through experience in 2018 that it believes promotes greater transparency and is consistent with the pay progression for other Council staff. When implementing this pay structure, a new 6-point scale was implemented for each pay grade. Each pay grade aligned with the previous 26-point pay scales with the exception of the Chief Executive pay scale where the top 9 points of the previous 26-point pay scale was removed thereby reducing the maximum pay for this grade by approximately 9% (as this represented a contractual change, this was a voluntary reduction proposed and agreed by the Chief Executive). This model of pay progression through experience will apply to all posts at middle management and above.
- 5.6. The Council's middle and senior managers' pay ranges are 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 658 posts with salary ranges starting at or above £41,456 p.a.
- 5.7. 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 last increase in JNC pay rates was a flat rate of £1,925 per annum effective from April 2022. ;
 - 5.7.1. the salary range for the Chief Executive is £180,236 - £213,803;
 - 5.7.2. the salary range for the Executive Directors of People, Place, Resources is £130,712 - £168,584;

- 5.7.3. the actual levels of pay received by the Chief Executive and each Executive Director are published annually in the Council's statement of accounts;
 - 5.7.4. the salary range for all Directors is £106,034 - £129,050;
 - 5.7.5. 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.
- 5.8. 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 and 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.
- 5.9. 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 a flat rate of £2,229 applied to all pay points effective from April 2022. As part of the pay agreement, the NJC agreed that from 1 April 2023, Spinal Column (SPC) Point 1 will be permanently deleted from the NJC pay spine (this will move any officers currently on SPC 1 to SPC 2, currently a difference of £171 per annum). From November 2022 the London Living Wage increased to £11.95 per hour (see 5.11.1 below). This is below the hourly rate of £12.50 for spinal column point 1 of the NJC pay scale. 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.
- 5.9.1. 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.

5.10. Pay on appointment

- 5.10.1. 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.
- 5.10.2. 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.
 - 5.10.3. 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.
 - 5.10.4. 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.
 - 5.10.5. 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.
 - 5.10.6. 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 relevant service director and supported by an objective business case. 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.
 - 5.10.7. 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 these cases, the engagement of such workers and the rates of payment and conditions of engagement will be approved

by the Executive Director for Resources and the Director of HR & OD which will not necessarily be in line with the Council's general terms and conditions for staff engaged under a permanent contract of employment.

- 5.10.8. The Council would not normally consider appointing a person to a permanent senior management post other than under a normal employment contract.

5.11. Low pay

- 5.11.1. 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 increased from November 2022 to £11.95 per hour and equates to £22,430.63 per annum for a full-time worker (i.e., 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 2022 the bottom point of the GLPC pay spine is above the previous London Living Wage hourly rate of £11.95 (agreed November 2022). Any subsequent increase in the London Living Wage that is higher than the bottom point of the GLPC pay spine, 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.

5.12. Working hours

- 5.12.1. 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.
- 5.12.2. 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.

5.13. Other non-pay benefits

5.13.1. 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 table below. As part of the 2022 NJC pay deal, an additional day annual leave for all staff graded Scale 1 to PO2 has been agreed from April 2023 (this additional day is not reflected in the table below).

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

Bank pay

Other Staff	Completed Years of Continuous Service as at 31 March	
During 1 st year of service	0 - 4 years	5 + years
Grade and pay spine	0 - 4 years	5 + years
Up to and including Scale 4	24 days	29 days
During 2 nd year of service (scp 1-21)		2 months' full pay and 2 months' half pay
During 3 rd year of service (scs 22-28)	25 days	4 months' full pay and 4 months' half pay
During 4 th and 5 th year of service (sc1 to PO2 (from scp 29))	26 days	5 months' full pay and 5 months' half pay
From HOS3 onwards	29 days	6 months' full pay and 6 months' half pay

work because of illness, staff at all levels receive:

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

5.14. **Other general terms and conditions of service**

- 5.14.1. 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.

5.15. **Termination payments**

- 5.15.1. 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](#).
- 5.15.2. 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 2022.
- 5.15.3. 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 staff left on the basis of voluntary severance in the period 1 January to 31 December 2022.
- 5.15.4. 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 retired early in the interests of the efficiency of the service in the period 1 January to 31 December 2022.
- 5.15.5. 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.
- 5.15.6. 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 their recorded last day of service. Any proposal to

- do so would be subject to the agreement of an appropriately constituted Appointments' Panel.
- 5.15.7. 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 Settlement Agreement following receipt of written legal advice.
- 5.15.8. On 12 May 2022 the [Department for Levelling Up, Housing & Communities \(DLUHC\) issued statutory guidance](#), which applies to "best value authorities", when making Special Severance Payments (SSPs) from that date. This was subsequently followed up with further clarification received by the LGA in June of the same year. There are still some outstanding points requiring further clarification with regard to governance and approval. For the purpose of this guidance an SSP will include payments made to employees, office holders, workers, contractors and 'others' outside of statutory, contractual or other requirements when leaving employment in public service. In deciding whether it is appropriate to make an SSP the Government expects that local authorities should consider whether the payment would be a proper use of public money. That includes considering the economic rationale for making such payments, as well as the impact on efficiency and effectiveness. Payments above £100,000 already require the decision to be referred to full Council (see 5.15.10 and 5.15.11) and is consistent with the requirements of the this statutory guidance.
- 5.15.9. 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.
- 5.15.10. Where the Council proposes to exercise its discretion to make a severance payment of £100,000 or more, under paragraphs 3.15.2 (flexible retirement), 3.15.3 (severance) or 3.15.4 (early retirement in the interests of efficiency), the proposal shall be referred to full Council for decision.
- 5.15.11. 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 3.15.1, the proposal should be referred to full Council for decision.
- 5.15.12. 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 3.15.1, the payment will be reported to the Staff Appeals, Appointment and Remuneration Committee for information.

5.16. Retirement on medical grounds

- 5.16.1. 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. Eleven staff have been retired on grounds of permanent ill health in the period 1 January to 31 December 2022.

5.17. Other payment/reimbursement of expenses/accommodation costs

- 5.17.1. 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.
- 5.17.2. 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.

5.18. Occupational pension provisions

- 5.18.1. 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.
- 5.18.2. 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.
- 5.18.3. 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.

5.19. Relationship between the remuneration of the Chief Executive and that of the overall workforce

- 5.19.1. 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."
- 5.19.2. 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 2021/22, the gross pay of the Chief Executive was 6.2 times the median pay for the whole of the Council's non-schools' workforce. The multiple for 2021/22 will be published in the annual accounts.

- 5.19.3. 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.

5.20. Shared services

- 5.20.1. 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.

5.21. 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.