

London Borough of Lewisham

Pay Policy Statement 2020/21

1 Introduction

The Council seeks to be a fair and good employer of choice and in doing so deliver effective services in the borough. It seeks to engage talented people at all levels of the organisation and to benefit from the exercise of these people's talents. To this end it sets its pay (and reward packages generally, including pensions, etc) in accordance with a fair pay policy and with regard to national and regional pay policy. In doing so it has regard to changing conditions in differing occupational labour markets. The Council's people management approach recognises the need for a committed and engaged workforce which is rewarded fairly for its motivation, adaptability, innovation and achievement.

Whatever their role, the Council seeks to ensure that every member of staff is valued and remunerated on a fair and just basis – taking into account the burden of personal responsibility their job requires, the delivery expectations placed upon them, as well as any requirements for the exercise of any particular expertise or speciality. The Council wants people to do valuable work and it wants the work to be of value to the workers performing the roles. It is for this reason that the Council has decided that it will conform to the London Living Wage and wherever it is lawful to do so, requires payment of the London Living Wage by its contractors.

The Council is proud to be one of the first London Boroughs to adopt the London Living Wage.

The Council's pay strategy is designed to ensure that its pay structures are fair, support a sustainable management structure and foster managerial accountability and effectiveness and provide value for money to the tax payer.

The Council's approach to pay is to:

- ensure pay levels are right to provide the right levels of reward and motivation; and
- ensure pay levels are affordable by the Council

It is set in the wider context of a remuneration policy focussed on:

- employee roles
- employee development
- benefits (including pension)
- salary

The Council's management arrangements continue to be reviewed to optimise the effectiveness of management and cost.

The publication of this Pay Policy meets the requirements contained in chapter 8 of the Localism Act 2011.

2 Terms and Conditions of employment

The terms and conditions of employment for Council employees (excluding those who have transferred under specific statutory provisions) are as negotiated nationally by the relevant Negotiating Body for Local Authority Employees and supplemented/amended by any policies or procedures agreed.

The negotiating bodies which apply to employees include:

- The National Joint Council for Local Government Employees, commonly known as the Green Book, applicable to most non-teaching professional and non leadership support staff in the Council.
- The Joint Negotiating Committee for Chief Executives of Local Authorities
- The Joint Negotiating Committee for Chief Officers of Local Authorities
- The National NHS Staff Council
- The Soulbury Committee

The employment conditions and any subsequent amendments are incorporated into employees' contracts of employment. The Council's employment policies and procedures are reviewed on a regular basis in the light of service delivery needs and any changes in legislation etc.

The Council reached an Agreement with the local trade unions on 1 April 2008, known as Single Status, which applies to most of its employees up to chief officer level. This included the introduction of a single pay and grading structure together with a new job evaluation scheme (the GLPC scheme). The Agreement also sets out the Council's working arrangements and the payments to be made to employees for working outside normal working hours including overtime, and call out payments.

3 Remuneration of chief officers

The definition of chief officers including Executive Directors and Directors appears in paragraph 22. Chief officers are all generally graded as Director or higher depending on their responsibilities. Chief officers are paid on the JNC graded pay scales, except for the Chief Executive who is paid on a fixed point spot salary. Chief officers won't be paid below JNC 4, and currently we don't have any chief officers on the JNC 4 grade. It is more likely going forward that this salary scale will be used on a selective basis for non-chief officers.

Generally post holders are not remunerated at a higher level than the position they report to

A pay award has of 2% was agreed for 2019/20 for these JNC grades. This rise mirrors the minimum of staff on NJC terms and conditions, the vast majority of our workforce, will be receiving. The NJC staff pay award was agreed at a National level at 2%, with additional enhancement at the bottom of the pay scale and a transition to revised pay spine and grade arrangements. The new pay scales were implemented in December 2020. Early discussions are in place at a National level for the 2021 round of pay bargaining.

| Role | Scale | 2019/20 | |
|----------------------------|---------------------|--------------------|----------|
| | | From | To |
| Head of (JNC4) | 3 points | £80,268 | £85,533 |
| Directors (JNC3) (JNC2) | 3 points | £97,407 | £102,699 |
| | 3 points | £108,975 | £114,132 |
| Executive Directors (JNC1) | 3 points | £144,198 | £149,778 |
| Chief Executive | Fixed point between | £175,000- £185,000 | |

Pay points for chief officers and the Chief Executive have been determined following independent expert pay advice. The remuneration for chief officers on these pay points is determined by reference to Kornferry Hay job evaluation advice, save where chief officers have transferred to the Council under statutory provisions which entitle them to retain their pre transfer pay scales.

The Council's levels of pay for chief officers are regularly benchmarked against other London Councils. It is difficult to get accurate average comparators against Lewisham's pay levels for JNC 2&3 roles as structures differ across London councils. However, our JNC1 grade for Executive Directors can be compared more accurately and shows that we are 0.43% above the average for London Boroughs, before bonus payments are included. Some London councils pay bonuses to directors on top of their basic salary, however our chief officers are not paid bonuses.

The salary paid to chief officers is inclusive of all hours worked and no additional payments are paid to chief officers apart from those specifically set out in any of the following paragraphs.

4 Remuneration of employees who are not chief officers

The majority of employees who are not chief officers are appointed on National Joint Council for Local Government terms and conditions. This will remain the case for 2020/21.

Remuneration for posts below chief officer will normally be determined by either the Greater London Provincial Council job evaluation scheme or the Kornferry Hay job evaluation scheme. In both cases they are designed to ensure fairness and reward, making assessments based on objective criteria. For 2019/20 salary levels for employees who are not chief officer's ranged from £21,231 per annum to £72,705 per annum, and for 2021 this will be uplifted according to the national pay settlement.

In 2019/20 Apprentices within the Council were paid the equivalent of the National Living Wage, regardless of their age, during the first year of their apprenticeship and where relevant, the equivalent of the LLW in subsequent years. From 2021 onwards all apprentices will be paid a minimum of the London Living Wage. In 2019/20 all other employees were paid above the London Living Wage. In 2021 the Council will not pay below spinal point 6 (£21,231 of the Greater London pay spine) and has adopted a policy of not paying below the current level of the London Living Wage (LLW), calculated on an annual basis (i.e. after any pay awards for that year have been agreed and implemented). Because of this, for the purposes of this Pay Policy Statement the Council defines its lowest paid employee as an employee earning the full time equivalent salary for the LLW, without any additional payments. This is to enable a pay multiple to be calculated against the Chief Executive's full time equivalent salary. The Council has

agreed a maximum pay multiple of 13 to 1. The current salary range for the Chief Executive represents 8.48 times that of the lowest paid employee.

Council policy is to pay chief officers in accordance with pay scales set by reference to the Hay job evaluation scheme and non chief officers in accordance with the pay scales set by reference to the Greater London Provincial Councils (GLPC) job evaluation scheme. This does not apply to chief officers who have transferred to the Council under statutory provisions which entitle them to remain on their pre-transfer levels of pay. The Hay Scheme remunerates employees above the levels of the GLPC scheme.

5 Performance related pay

As with chief officers, the Council does not pay bonuses or performance related pay to any of its employees.

6 Market supplements

In a limited number of cases the Council currently makes market supplement payments to employees. During 2019/20, the Council made such market supplement payments where market conditions dictate that this is necessary to recruit or retain suitable staff where it would otherwise be unable to do so. One JNC 3 Employee received a Market supplement as also did nine Service Manager graded staff.

7 Approach to remuneration on recruitment

New employees, including chief officers, are normally appointed to the bottom of the particular pay scale applicable for the post. If the employee's existing salary falls within the pay scale for the post, the employee is normally appointed to the nearest point on the scale which is higher than their existing salary. In cases where the existing salary is higher than all points on the pay scale for the new role, the employee is normally appointed to the top of pay scale for the role.

8 Appointment to new posts paid in excess of £100,000 per annum

Where it is proposed to appoint to a post which is not in existence at the time of the publication of this pay policy statement, and the proposed remuneration is more than £100,000 per annum the appointment may not be made unless the Council has agreed to the level of remuneration attaching to the position. This provision does not apply to any roles which transfer to the Council through either TUPE or any other equivalent or similar statutory transfer process. This requirement does not apply to roles arising out of restructures to which the Council is obliged to match existing employees to or conduct a ring fenced recruitment exercise.

9 Increments and pay awards

For all employees the Council's usual policies on incremental progression and application of appropriate pay awards will apply

10 Additional salary payments

Council policy allows for an additional salary payment to be made to employees to reflect duties of an exceptional nature that are required to be undertaken which are over and above the normal requirements of the employee's post.

In accordance with Council policy, additional salary payments may be agreed for all employees.

The Executive Director of Resources and Regeneration received an additional salary payment from January to October 2019 after being appointed as interim Chief Executive. To support backfill arrangements, the Director of Corporate Resources is receiving an honorarium for carrying out the majority of the duties of the Executive Director of Resources and Regeneration, in the post of Acting Chief Finance Officer

The honorarium paid to the Director of Corporate Resources for Acting as Chief Finance Officer will continue to be paid in 2020 whilst recruitment is under way for the Executive Director role.

One chief officer post, Director of Public Protection & Safety, received an additional salary payments from April to December 2019 of an additional 3 Increments.

Employees within the Education Standards and Inclusion Service and Educational Psychologists are entitled to receive additional payments of up to 3 pay points on the Soulbury pay scale. Employees are able to submit an application which takes into account certain criteria, including length in post and contribution to the development of the service. If successful an award is made which becomes a permanent element of pay.

11 Resilience for emergencies: disaster/incident recovery, command and control

The Council is required to have measures in place to respond to any major incident in the borough. There is an emergency plan in place which is supported by a team of senior officers within the Council, led by the Chief Executive. Responding to incidents so as to ensure adequate recovery requires 24/7 management coverage by those senior managers who are able to perform these emergency incident roles. The Chief Executive and Executive Directors do not receive any additional payment for undertaking this role which is incorporated into their contracts of employment. Other senior staff, including other chief officers, who undertake a role in emergency planning and disaster recovery for the borough and participate in the emergency rota receive an additional payment. In the case of roles covered by chief officers, other than Executive Directors, this payment is £3,000 per annum from 2019/20.

12 Interim and Consultant engagements

Any temporary or short term engagement should be made through REED Talent Solutions. In some circumstances it may become necessary to engage a specialist interim or consultant to cover a PAYE position. In all cases there is a requirement to establish whether the individual is regarded as self-employed or an employee in accordance with HMRC guidelines. The individual is paid accordingly.

If the Council is engaging a company the contract is with the company and not the individual. The contract should have a start and end date and specify the work to be undertaken. This work should not be a role that is covered by a Council job description as this is the work of 'an employee'.

13 Election Fees

At any election time, approximately 500 – 600 Council staff will be employed on election duties of varying types. The fees paid to Council employees for undertaking election duties vary according to the type of election they participate in and the nature of the duties they undertake. All election fees paid are additional to Council salary and are subject to normal deductions for tax.

Returning Officer duties (and those of the Deputy Returning Officer) are contractual requirements but fees paid to them for national elections/ referendums are paid in accordance with the appropriate Statutory Fees and Charges Order/Guidance from London Councils.

14 Pensions

All Council employees are eligible to join the Local Government Pension Scheme. The Council does not enhance pensionable service for its employees either at the recruitment stage or on leaving the service, except in certain cases of retirement on grounds of permanent ill-health where the strict guidelines specified within the pension regulations are followed. Teachers and NHS staff have their own pension schemes.

15 Payments on Ceasing Office

15.1 The general Position

Employees who leave the Council, including the Chief Executive and chief officers, are not entitled to receive any payments from the Council, except as detailed below.

Legislation and guidance in pensions is subject to change. Any legislation that may be enacted during the year will be applied and may vary this policy.

15.2 Retirement

Employees who contribute to the Local Government Pension Scheme, who elect to retire at age 55 or over, are entitled to receive immediate payment of their pension benefits (reduced for early payment if applicable) in accordance with the Scheme. Early retirement, with immediate payment of pension benefits, is also possible under the Pension Scheme on the grounds of permanent ill-health at any age.

The Council will consider applications for flexible retirement from employees aged 55 or over on their individual merits and in the light of service delivery needs. Approval is conditional upon the employee agreeing to reduce their hours/pay by not less than 40%. Benefits closely reflect those permitted by Regulation 18 of the Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007/1166. All applications are considered by the Council's Early Retirement Panel.

The Council is planning to review its flexible retirement policy during 2020

15.3 Redundancy

Employees who are made redundant are entitled to receive statutory redundancy pay as set out in legislation. However the Council's policy, like many councils and large organisations, is more

generous and calculates redundancy payments using the employee's actual salary. In addition the Council's policy is to make a further payment, known as compensation, based on one times the redundancy payment.

The above applies to all employees however, employees aged 55 and above who are also members of the Local Government Pension Scheme, will receive immediate unreduced payment of their pension benefits as well. This can result in a large cost to the pension fund for releasing the pension early, therefore the Council will offset any cost associated with the early release of the pension against the additional compensation payment. This will be up to a maximum of 100% of the compensation payment. The Council will meet any excess pension strain cost of putting the benefits into payment early that they cannot recover from the compensation payment.

This scheme may be amended from time to time in accordance with the Council's Constitution

15.4 Voluntary Severance

Voluntary Severance payments may be made where it is in the Council's best interests to do so; such payments should comply with any applicable legislation and the Council's Voluntary Severance scheme at the time.

15.5 Settlement of potential claims

Where an employee leaves the Council's service in circumstances which are, or would be likely to, give rise to an action seeking redress through the courts from the Council about the nature of the employee's departure from the Council's employment, the Council may settle such claims by way of compromise agreement where it is in the Council's interests to do so. The amount to be paid in any such instance may include an amount of compensation, which is appropriate in all the circumstances of the individual case. If Payment in Lieu forms part of the payment this will be shown as a separate payment and taxed accordingly. Should such a matter involve the departure of an Executive Director or the Chief Executive it will only be made following external legal advice.

15.6 Payment in lieu of notice

In exceptional circumstances, where it suits the Council's service needs, payment in lieu of notice is made to employees on the termination of their contracts, these payments attract Tax and National Insurance deductions.

15.7 Other payments

There may be exceptional circumstances not envisaged by the pay policy, where payments may be made, provided they are in the Council's best interests, comply with applicable statutory requirements and with Council policy.

16 Re-employment

Employees who have left the Council on grounds of redundancy will not normally be re-employed for a period of one year and for two years in the case of voluntary severance.

Applications for employment from employees who have retired from the Council or another authority or who have been made redundant by another authority will be considered in

accordance with the Council's normal recruitment policy. However like many authorities, Lewisham operates an abatement policy which means that any pension benefits that are in payment could be reduced on re-employment in local government.

17 Memorandum of Co-Operation

The Council has signed up to a Memorandum along with other London Councils, which attempts to address recruitment and retention issues for both children's and adult's social workers. The Memorandum includes a cap on agency worker rates.

18 Gender Pay Differentials

Under new 2017 Gender Pay Gap Reporting legislation the Council is required to publish the following information. This is the third year of publication and the 2018/19 data is below with the 2017/18 figures in brackets. Our 2017/18 outcome of 11.4% in favour of women benchmarked us in the top 5% of organisations in terms of positive women's gender pay gap. The 2018/19 outcome shows the Council to have a 10.6% pay gap in favour of women.

| Pay rates | Gender pay gap - the difference between women's pay and men's pay as a percentage of men's pay (minus % means women have higher pay, positive % means men have higher pay) | | |
|--|--|---------------------|-------|
| Mean hourly rate (Male hourly rate - Female hourly rate) / Male hourly rate x 100 | -10.6% (-11.4%) | | |
| Median hourly rate (as above calculation but for median hourly rates) | -12.6% (-14.2%) | | |
| Pay Quartile Information | | | |
| Pay quartiles | Women | Men | Total |
| Proportion of women and men in the upper quartile (paid above the 75th percentile point) | 66% (66%) | 34% (34%) | 100% |
| Proportion of women and men in the upper middle quartile (paid above the median and at or below the 75th percentile point) | 70% (70%) | 30% (30%) | 100% |
| Proportion of women and men in the lower middle quartile (paid above the 25th percentile point and at or below the median) | 68% (67%) | 32% (33%) | 100% |
| Proportion of women and men in the lower quartile (paid below the 25th percentile point) | 41% (38%) | 59% (62%) | 100% |
| Bonus pay – no employees received a bonus | | | |

19 Exceptional circumstances

The provisions of this pay statement are designed to set out the Council's normal approach to remuneration and to provide transparency for the public about its policies relating to remuneration. However exceptional circumstances may occasionally arise where it would be appropriate to depart from the detailed provisions set out in this policy where Council service needs demand. This pay policy authorises such payment if appropriate specialist external advice is that it would be appropriate to make an exception in any particular case, in which case the Council may act in accordance with that advice.

20 Publication of and access to information relating to remuneration

The Council will publish details of all chief officer positions. This will be published at the same time as the Council's statement of accounts.

21 Publication and amendment

The Council will publish this Pay Policy Statement on its website and may amend it at any time during 2020/21 if it is of the opinion that it is appropriate to do so. Any amendments to it will also be published on the Council's website.

22 Definition of chief officers

Within this Pay Policy Statement, chief officer includes the following roles: the Council's Chief Executive, Monitoring Officer and those fulfilling statutory chief officer roles as set out in section 2(6) of the Local Government and Housing Act 1989. It also includes non-statutory chief officers as set out in section 2(7) of that Act, which includes all officers for whom the Chief Executive is directly responsible, those who report directly or are directly accountable to the Chief Executive and those who are directly accountable to the Council itself or any committee or sub-committee.

Within this Pay Policy Statement, the term chief officer also includes those who are a deputy to a statutory or non-statutory chief officer referred to above (i.e. those who report directly or are directly responsible to a statutory or non-statutory chief officer, as set out in section 2(8) of that Act). It does not include those employees who report to the Chief Executive or to a statutory or non-statutory chief officer but whose duties are solely secretarial or administrative.