

Lambeth Pay Policy Statement under the Localism Act 2011

1. Introduction

- 1.1 This is a statement of Lambeth Council.
- 1.2 The Localism Act 2011 requires local councils to produce and publish an annual pay policy statement. This pay policy statement must be approved by Corporate Committee and must be published on the Council's website. The statement can be amended during the year. This pay policy statement is to be noted by Corporate Committee on 21 January 2021 and approved by Full Council on 3 March 2021.

2. Purpose

- 2.1 The purpose of the statement is to provide transparency regarding the Council's approach to setting the pay of its employees (excluding those working in local authority schools) by identifying:
- The remuneration of its chief officers;
 - The remuneration of its lowest-paid employee; and,
 - The relationship between the remuneration of its chief officers and the remuneration of employees who are not chief officers;
 - The methods by which salaries of all employees are determined;
 - The Committee responsible for ensuring the provision set out in this statement are applied consistently throughout the Council and recommending any amendments to the full Council.
- 2.2 For the purpose of this pay policy statement "chief officers" are defined as including all chief and deputy chief officers with the Council as defined in Section 2 of the Local Government and Housing Act 1989.
- 2.3 Full Council approves the appointment of the Chief Executive.
- 2.4 The appointment of Chief Officers is undertaken by a Member panel (Appointments Committee or Appointments Sub-Committee). The appointment of Deputy Chief Officers is the responsibility of the Chief Executive unless he determines that an appointment be made by a Member panel.

3. Why has it been developed?

- 3.1 The Council has therefore chosen to use the statutory pay policy statement to provide assurance that remuneration levels are, and should be, of interest to local citizens and taxpayers at all times and generally should be transparent. Good governance demands clear, open and transparent processes and mechanisms by which decision-makers can be held to account.
- 3.2 In keeping with the Council's principles and our current economic situation, the aim of this policy is to articulate our well-established and pre-existing pay, remuneration, pension and severance guidelines for all staff in a single document.
- 3.3 We make thorough decisions with regard to selecting key people, remuneration in accordance with current market forces, managing future expectations of the Council and supporting key people in

line with a well-reasoned and transparent remuneration package – based on compelling business case evidence.

- 3.4 We note that in line with other London Boroughs, we have already met the standard outlined in the Localism Act 2011 and have the expertise to maintain its principles of transparency.

4. Who does it apply to?

- 4.1 This policy applies to all employees. It applies to any officer who is responsible for appointing staff and determining their payment. No individual officer can make these decisions without reference to this overarching policy statement, the Localism Act and the previously published guidelines for the recruitment, retention or retirement of employees.

5. Pay and Remuneration

- 5.1 All officers must understand, adhere to and enforce our current terms and conditions with respect to recruitment, re-organisation, re-deployment and redundancy. The Council will comply with all relevant employment legislation and the associated scope in determining the pay and remuneration of its employees. This includes the Equality Act 2010, Part Time Employment (Prevention of Less Favourable Treatment) Regulations 2000, The Agency Worker Regulations 2010 and, where relevant, the Transfer of Undertakings (Protection of Employment) Regulations 2006.
- 5.2 With regard to the equal pay requirements contained within the Equality Act 2010, the Council ensures that all pay arrangements can be objectively justified through the use of well-established job evaluation methods.

6. Job Evaluation

- 6.1 All jobs (including those attracting salaries in excess of £100,000 per annum) are evaluated by independent and qualified people using either the Korn Ferry Hay Group specialist resource (for Chief and Deputy Chief Officers) or the Greater London Provincial Council (for all other grades). These are well established processes for setting the benchmark for job descriptions, evaluation of roles, the grading of posts and the appropriate remuneration. Government legislation allows schools to determine their own pay arrangements for staff.
- 6.2 In determining its grading structure and setting overall pay levels for all posts the Council takes account of the need to ensure value for money in respect of the use of public expenditure, balanced against the need to recruit and retain employees who are able to meet the requirements of providing high quality services to the community in an effective, efficient and collaborative way.

7. Remuneration for chief officers and employees who are not chief officers

- 7.1 The responsibility for determining the level of remuneration for the Chief Executive is delegated to the Director of Human Resources & Organisational Development (HR & OD) in consultation with the Leader, Deputy Leaders and the Leaders of the opposition parties. Remuneration is based upon a salary range determined by an independent job evaluation process.
- 7.2 The responsibility for determining the level of remuneration for Chief Officers and Deputy Chief Officers is delegated to the Chief Executive in consultation with the relevant Cabinet Member and the Director of HR&OD. Remuneration is based upon a salary range determined by an independent job evaluation process.
- 7.3 The determination of the level of remuneration for all other staff, including posts attracting salaries in excess of £100,000 per annum is based solely upon a salary range determined by an

independent job evaluation process. Discretion on the precise salary level can, therefore, only be made within the evaluated grade for the role. In most cases this will be the minimum point of the salary scale unless there are compelling and evidence-based reasons to do otherwise. A yearly cost of living increases is negotiated nationally.

- 7.4 To encourage employees to develop in their role and to improve their performance based on evaluated pay grades, each having a salary range comprising some incremental points. Most employees incrementally progress through the pay grade for their job. Progression will normally be one increment (pay spine column point) on the 1st of April each year until the top of the grade is reached.
- 7.5 Council employees are employed on terms and conditions which fall within a relevant national/regional pay and conditions framework. The pay and conditions are:
- The National Joint Council for Local Government Pay;
 - Soulbury Pay and Conditions for Educational Psychologist;
 - NHS Pay and Conditions; and,
 - Teachers Pay and Conditions framework.
- 7.6 The Council does not apply any bonuses or performance-related pay to any of its staff, including the Chief Executive, Chief Officers and other senior officers.

8. Pay Supplements

- 8.1 From time to time it may be necessary to pay special allowances or supplements to individual employees as part of their employment contract where specific circumstances require this and where it can be justified in accordance with council policies. Such allowances are negotiated nationally or locally, through collective bargaining arrangements, and/or as determined by Council policy. Our recruitment, retention and market supplements – usually associated with ‘hard to fill’ or ‘critical’ posts - will be based on the current financial and skills requirements of the Council. We will review all functions that attract these allowances using evidence and only when a compelling business case can be made. Where appropriate and necessary therefore, we may approve remuneration at another level.
- 8.2 From time to time it may be necessary for the Council to engage consultants to undertake time limited pieces of work. The payment of consultants in these circumstances is strictly managed by the Council in accordance with its Supplier Contract Management through a Neutral Vendor arrangement. Any such engagements are reviewed on a regular basis.
- 8.3 We will continue to benchmark and evaluate existing job grades and posts with London Councils in order to keep pace with market and austerity forces.
- 8.4 The job grade and level of remuneration will remain in accordance with the function of the role.

9. Pension

- 9.1 All discretionary benefits under the Local Government Pension Scheme will be in accordance with our published guidelines.
- 9.2 The employee contribution to the pension scheme is dependent on the annual salary. There are 9 different contribution banding rates between 2.75% and 12.5% depending on actual pensionable pay. Lambeth's employer contribution to the pension fund for all contributing members of staff is 19.3%.

| Band | Pensionable Pay from £ | Pensionable Pay to £ | Main scheme | 50/50 section |
|-------------|-------------------------------|-----------------------------|--------------------|----------------------|
| 1 | 0 | 14,600 | 5.50% | 2.75% |
| 2 | 14,601 | 22,800 | 5.80% | 2.90% |
| 3 | 22,801 | 37,100 | 6.50% | 3.25% |
| 4 | 37,101 | 46,900 | 6.80% | 3.40% |
| 5 | 46,901 | 65,600 | 8.50% | 4.25% |
| 6 | 65,601 | 93,000 | 9.90% | 4.95% |
| 7 | 93,001 | 109,500 | 10.50% | 5.25% |
| 8 | 109,501 | 164,200 | 11.40% | 5.70% |
| 9 | 164,201 | or more | 12.50% | 6.25% |

10. Lowest paid employees

- 10.1 The lowest paid person employed under a contract of employment with the council are employed on full time 35 hours equivalent salaries in accordance with the minimum spinal point currently in use within the council's grading structure.
- 10.2 Staff who are transferred into the Council under the Transfer of Undertakings (Protection of Employment) Regulations 2006 are on a different pay and conditions and grading structure. Our lowest paid employee is not on the Council grading structure (NJC). They are paid on a different pay and conditions framework. The employee is paid £21,060.

11. Pay multiple

- 11.1 This process determines the relationship between the rate of pay for the lowest paid and the Chief Executive, including chief officer, described as the pay multiple. The current pay multiple between the lowest paid employee and the Chief Executive's salary is 8.78 times.
- 11.2 The median salary for all officers is £38,442. The Chief Executive's salary is 4.81 times the median salary.

12. Payments on termination of employment

- 12.1 The Council's approach to statutory and discretionary payments on termination of employment of all staff, including Chief and Deputy Chief Officers, prior to reaching normal retirement age, is in accordance with Regulations 5 and 6 of the Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations 2006 and Regulations 12 and 13 of the Local Government Pension Scheme (Benefits, Membership and Contribution) Regulations 2007. The Council's approach is set out in the discretionary statement attached as Appendix C to the Pay Policy Statement.
- 12.2 On ceasing to hold office all staff, including Chief Officers and Deputy Chief Officers will receive their contractual entitlements in relation to notice pay, redundancy pay, accrued annual leave, pension etc. No non-contractual payments will be made on termination of a contract of employment of any employee, including Chief Officers or Deputy Chief Officers unless there is a sound and robust business case for doing so. Any termination payment paid to a Chief Officer or Deputy Chief Officer must be approved by the Director of Finance and Property in accordance with the Council's Scheme of Delegation. It is the policy of the Council that all staff, (including Chief Officers and Deputy Chief Officers), leaving the Council on the grounds of redundancy or early retirement

should not be re-employed as a consultant or agency worker within one year from their last day of service.

12.3 The Restriction of Public Sector Exit Payment Regulations 2020 (the Exit Cap Regulations), which place a £95,000 cap on public sector exit payments came into force on 4 November 2020 and were revoked on 12 February 2021. HM Treasury intends to bring forward new proposals on exit payments shortly.

13. Use of temporary and agency workers

13.1 The Council will, where necessary, use temporary agency workers to help to fulfil resident and customer demands in order to maintain the highest standards of service. The Council will use temporary agency workers only to provide additional resources and allow for flexibility from time to time.

14. Governance

14.1 The Pay Policy Statement is reviewed annually and submitted to Corporate Committee for approval. In the interests of improving accountability and transparency, all appointments made to posts attracting remuneration in excess of £100,000 per annum and all severance packages in excess of £100,000 shall be highlighted.