

## LONDON BOROUGH OF HAMMERSMITH & FULHAM

**Report to:** Full Council

**Date:** 23/02/2023

**Subject:** Pay Policy Statement 2023/24

**Report of:** Councillor Rowan Ree, Cabinet Member for Finance and Reform

**Report author:** Mark Keeble, Strategic Lead Pay and Reward

**Responsible Director:** David Tatlow, Director of Resources

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### Summary

The Council is required to prepare a pay policy statement for each financial year that sets out the Council's approach to recognising and rewarding its employees in a fair, consistent, and equitable manner.

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### Recommendations

1. That Full Council approve the pay policy statement for 2023/24 as set out in Appendix 1.
  2. That Full Council note the benchmarking of the Council's median pay multiple against the average of other Inner London Boroughs contained in section 2.5 below.
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**Wards Affected:** None

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H&F Values	Summary of how this report aligns to the H&F Values
Creating a compassionate council	An important feature of the pay policy is the monitoring of the pay multiple and adopting approaches that protect the interests of the lowest paid employees.
Being ruthlessly financially efficient	The pay policy statement sets out how rates of pay are controlled by application of job evaluation schemes to ensure an appropriate salary is paid. It also establishes principles that contribute to achieving value for money through payroll expenditure.

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## **Financial Impact**

This report sets out the policy and position on pay within the Council. There are no direct financial implications arising from the recommendations as any resultant costs will need to be contained within existing employee budgets.

Comments verified by Sukvinder Kalsi, Director of Finance.

## **Legal Implications**

The statutory requirements set out in Chapter 8 of Part 1 of the Localism Act 2011 (Sections 38-43) are summarised in the report and the pay policy statement. The pay policy statement complies with the statutory requirements.

Comments approved by Grant Deg, Assistant Director, Legal

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## **Background Papers Used in Preparing This Report**

- Localism Act 2011
  - Openness and Accountability in Local Pay – Guidance under section 40 of the Localism Act from Department for Communities and Local Government (DCLG)
  - The Local Government Transparency Code 2015 (DCLG June 2015)
  - Statutory guidance on the making and disclosure of Special Severance Payments by local authorities in England – 12 May 2022
  - LBHF Council Pension Policy
  - GLPC Salary Scales
  - Benchmarking of Inner London Boroughs median pay multiples (published in 2021/22 pay policy statements)
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## **DETAILED ANALYSIS**

### **The Statutory Requirement to Produce Pay Policy Statements**

1. Section 38(1) of the Localism Act 2011 (the Act) requires the Council to prepare a pay policy statement for each financial year. This pay policy statement must be approved by Council. The provisions of the Act do not apply to local authority schools.
2. Approved pay policy statements must be published on the Council's website as soon as reasonably practicable after being approved. The Act also requires that the Council includes in its pay policy statement the approach to the publication of and access to information relating to the remuneration of chief officers. Remuneration includes salary or payment for a contract for services, expenses, bonuses, and performance related pay as well as severance payments. The definition of Chief Officers is set out in section 2 of the Local Government and Housing Act 1989.

3. Section 38(2) of the Act also requires the Council to set out its policy on remuneration for its highest paid employees alongside its policies towards its lowest paid employees. In particular, it requires the Council to explain what it thinks the relationship should be between the remuneration of its chief officers and other employees and to set out policy on the lowest paid. The Council must include its current policy towards maintaining or reaching a specific pay multiple, within its broader policy on how pay and reward should be fairly dispersed across its workforce.
4. So far as other elements of senior remuneration are concerned, including the use of any bonuses, performance related pay (PRP), severance payments and the payment of fees for election duties, the Council must also make it clear what approach it takes to the setting and publishing of these.
5. The pay policy statement must also deal with a number of aspects of re-employment of employees. The Council must explain its policy in relation to the payment of salary and pension to the same individual. It must also set out its policy in relation to the re-employment of chief officers who have retired and may be re-employed on a contract for services.
6. The Council must in setting pay policy statements, have regard to the guidance issued by the Secretary of State for Levelling Up, Housing and Communities. This includes the Local Government Transparency Code 2015 issued pursuant to section 2 of the Local Government, Planning and Land Act 1980 and guidance under section 40 of the Localism Act of February 2012 and February 2013 which requires relevant authorities to prepare pay policy statements. Due regard has been had to the guidance in the preparation of this policy.
7. Once in force, it must be complied with although it may be amended by Council during the financial year.

## **Key Issues**

8. The Government guidance for local authorities on the preparation of a pay policy statement recommends the calculation and publication of an authority's pay multiple. That is the relationship between the median earnings figure in the organisation and the remuneration of its highest paid officer.
9. The median is defined as that earnings figure at which there are an equal number of officers' earnings figures above and below it. The highest paid officer in Hammersmith & Fulham is the Chief Executive.
10. The remuneration of the highest paid officer is divided by the median earnings figure to arrive at the pay multiple. At March 2022 this ratio was 5.2:1. This has increased slightly from the previous figure of 5.1:1 reported for March 2021. The Council uses the same method used for the statutory Gender Pay Gap calculations to arrive at this figure because it is a reliable method of measuring the normal pay employees receive.

11. The Council is required to keep its position on the pay multiple under review. To help decide whether this position is appropriate, the Council's average pay median pay multiple of 5.2:1 has been compared to the position of other Inner London Boroughs. Their average, as reported in their 2021/22 pay policies, was 5.5:1. This suggests the Council's own position is reasonable.
12. In May 2022, the Government issued guidance in connection with special severance payments for employees under section 26 of the Local Government Act 1999 as part of the best value regime for local authorities. Special severance payments are those payments over and above statutory or contractual entitlements and typically might be considered when settling a claim issued or proposed to be issued in the Employment Tribunal.
13. In order to obtain best value in the settlement of employment claims, LBHF's delegated authority is set out within the Scheme of Delegation contained in part 3 of the Constitution which will continue to be robustly applied, as appropriate.

### **Reasons for Decision**

14. The Council is required by the Act to approve a pay policy statement and for the policy to be published on the Council's website.

### **Equality Implications**

15. It is not anticipated that the Council's pay policy statement will have any negative impact on any groups with protected characteristics, under the terms of the Equality Act 2010. The pay policy incorporates the Council's statutory requirement to publish details of its gender pay gap.

### **List of Appendices:**

Appendix 1 – Pay Policy Statement 2023/24

## **APPENDIX 1: PAY POLICY STATEMENT 2023/24**

### **London Borough of Hammersmith & Fulham (H&F)**

#### **1. Fairness and Transparency.**

- 1.1 Hammersmith & Fulham is committed to paying its employees on a fair basis to reflect the work that they do. At the same time, it recognises that there is public interest in both the remuneration of its employees and the way in which that remuneration is set. It is therefore publishing this statement to ensure transparency and fulfil its obligations under section 38 (1) of the Localism Act 2011.
- 1.2 The Council's Chief Executive, as Head of Paid Service, is responsible for ensuring the Council meets its duties for appointment on merit, the terms and conditions of employment, compliance with the Council's Standing Orders for the appointment and remuneration of employees and the requirements set out in the Local Government and Housing Act 1989.

#### **2. Vision and Our People**

- 2.1 The Council's vision is to be the best, and it has six clear values:
  - Building shared prosperity
  - Doing things with residents not to them
  - Taking Pride in Hammersmith & Fulham
  - Creating a compassionate Council
  - Being ruthlessly financially efficient
  - Rising to the challenge of the climate and ecological emergency
- 2.2 Our People Strategy complements Our Vision by setting out who we are and our focus on the employee experience, employee development, coaching, leadership and culture within the organisation.
- 2.3 The vision, desired behaviours and guide to good management are used in recruitment, discussions on learning and development needs, performance appraisal, including the determination of salary uplifts for senior managers and other forms of recognition.

#### **3. Pay Design**

- 3.1 The pay ranges for Council employees reflect the need to recruit and retain good employees.
- 3.2 Employees salaries are set through national pay bargaining. Progression through each individual salary range is by increments and is related to satisfactory service. All employees have an annual performance appraisal.
- 3.3 The Council's senior executives are paid on the locally determined salary ranges for grades A to F. Employees on these grades include all those officers

who meet the Local Government and Housing Act 1989 definition of either the Head of Paid Service, Monitoring Officer, Statutory and Non-Statutory Chief Officers or Deputy Chief Officers. Other senior employees are also paid on these grades. Pay uplifts in excess of the annual cost of living awards are considered on an annual basis subject to their on-going assessment through the Council's Performance Appraisal Scheme. This allows for consolidated uplifts to base salary up to the maximum of the grade. The Council does not pay performance related bonuses to senior executives.

- 3.4 Increases to pay scales and ranges will occur through national pay awards. Individual salaries will also be increased annually in line with national pay awards. Grades B to F will rise in line with any JNC for Chief Officers national pay award. Grade A will be increased in line with the national pay award of the JNC for Local Authority Chief Executives.
- 3.5 The pay ranges for all employees are set out in the attached Appendices A and B.
- 3.7 The pay ranges for all posts in the Council are determined through job evaluation to ensure fairness and equality. In respect of nationally negotiated ranges (Scales 1B to PO10), this is done through the Greater London Provincial Council Job Evaluation Scheme.
- 3.8 Each senior executive role will be graded by matching into one of 6 pay grades between A and F. All posts paid on pay grades A to F are evaluated using the Korn Ferry/Hay job evaluation scheme.
- 3.9 The Act requires the Council to define its lowest paid employees.
- 3.10 The Council's lowest paid workers are defined as those on the lowest spinal column point of the NJC salary scales, which is Scale 1B spine point 1. This gives an annual salary of £24,771 based on the April 2022 rates for a standard working week of 36 hours.
- 3.11 The Council became an accredited Living Wage Employer in February 2016. Under the terms of the Council's accreditation, this means that no directly employed Council employees will earn less than the London Living Wage. This includes any directly employed interns or apprentices.
- 3.12 Each employee will receive a basic salary as defined by the Council's pay and grading structures commensurate with the level of their duties and responsibilities.
- 3.13 Starting salaries within the evaluated grade for the role are determined by reference to market rates and an individual's existing salary.
- 3.14 In addition to these annual salaries, the Council can choose to pay extra sums to employees to recognise market pressures or additional work undertaken. These may be time limited pay supplements, acting-up allowances or honoraria.

- 3.15 Where market supplements and additional payments for the Head of Paid Service or Statutory and Non-Statutory Chief Officers are considered necessary, they will be time limited to a maximum of two years from their commencement. The terms of additional payments (not including relocation expenses) will be agreed by the Assistant Director, People and Talent, including the application of any Market Factor Supplements.
- 3.16 Extensions beyond two years will require the approval from the Chief Officer Appointments Committee and will be reported as an exception to the Council's published Pay Policy Statement.
- 3.17 As required by the Local Government and Housing Act 1989, the appointment and remuneration of Statutory and Non-Statutory Chief Officers who report directly to the Head of Paid Service (save for interim appointments), is determined by the Council's Members through the Chief Officer Appointments Committee.
- 3.18 Arrangements for shared appointments are addressed through Section 113 Agreements of the Local Government Act 1972.

#### **4. Other Rewards and Benefits**

- 4.1 The Council tries to adopt best practice and allow for market forces when determining additional benefits for its employees. In addition, it acknowledges that benefits are an important part of a recruitment package.
- 4.2 All employees are therefore entitled to receive a range of benefits which the Council either provides or has negotiated. These include interest free travel loan, childcare vouchers, cycle to work salary sacrifice schemes, training support and outplacement support including career counselling for employees who are made redundant.
- 4.3 Professional fees and charges will be paid on behalf of employees who are required to be registered to undertake their role.
- 4.4 An officer has a statutory position in each election i.e. the Returning Officer/ Acting Returning Officer, etc. and receives a fee in recognition of this role. This fee reflects the advisory fee set for each election by the Ministry of Justice. There are also fees paid to employees who carry out the annual canvass of the electoral register and who undertake additional work at the time of the election – poll staff, inspectors, count staff, etc.
- 4.5 Any benefits, gifts or hospitality must be properly authorised and recorded in accordance with the Officer's Code of Conduct.

#### **5. Pension and Severance Payments**

- 5.1 Senior executives will receive their contractual entitlement for termination payments. These entitlements are the same for NJC employees (Green Book).

Where the Council is terminating the contract of employment, pay in-lieu of notice (PILON) or paid leave may be granted by the Assistant Director, People and Talent.

- 5.2 Redundancy pay for all employees is calculated based on actual weekly earnings multiplied by the numbers of weeks' pay using the statutory formula that considers length of service and age. The Council has authority under the provisions of the Local Government (Early Termination of Employment) Discretionary Compensation (England and Wales) Regulations 2006, to use the actual amount of a week's pay and not apply the statutory cap. Calculation of a full-time week's pay is subject to a locally agreed minimum equal to 1.5 x London Living Wage.
- 5.3 The number of weeks redundancy is based on age and length of service at leaving and is subject to a statutory limit of 30 weeks' pay. Any discretion permitted within redundancy and pension policies are agreed by the Assistant Director, People and Talent.
- 5.6 Employees are entitled to join the Local Government Pension Scheme (LGPS) and will receive their pension at their normal retirement age, employees are entitled to leave with a reduced pension from age 55. Pension payments will be released early in certain circumstances including redundancy and ill health retirements provided that the appropriate criteria of the local pension policy are met. There is a separate published policy on pension payments. This is updated from time to time in line with any changes to pension regulations.
- 5.7 Under the LGPS, certain employees may request flexible retirement whereby they can retire early and continue to work on a part-time basis or on a reduced salary. The Council retains the discretion to agree such arrangements in line with the LBHF Pension Fund Discretions Policy which is available [here](#).
- 5.8 The fact that an individual is already receiving a pension under the LGPS regulations does not prevent the Council from appointing them. However, if an employee is in receipt of a pension from a previous employer that is a member of the LGPS and they are recruited by the Council, they must notify their pension provider of re-employment, even if they elect not to join the pension scheme [here](#).
- 5.9 The Council will not reemploy any previous employee who received a redundancy or severance payment for a period of 3 years, without a business case justifying why it is necessary. Business cases are approved by the Chief Executive Officer and Assistant Director, People and Talent.

## **6. Publication and Access to Remuneration of Chief Officers and Other Senior Employees.**

- 6.1 The Council's Chief Officer Structure is set out in the Constitution, the Constitution is updated with any changes to statutory posts. The Council defines Chief Officers within the Constitution as the Strategic Leadership Team Members. The statutory definition of Chief Officers, set out in section 2 of the



Local Government and Housing Act 1989, is used for the purpose of the Pay Policy Statement.

- 6.2 The Council publishes details of remuneration of senior employees in the Annual Statement of Accounts and on the Council's website. The Council also publishes information about the level of remuneration of other senior employees on its website. This information is published for all senior employees on annual pro rata earnings of £50,000 or more. The information is published [here](#).
- 6.3 In addition, the Council is required to publish the pay multiple between the highest paid employee and the median salary of the workforce. The current multiple is 5.2:1 (at March 2022).
- 6.4 Another important indicator is the pay multiple between the highest and lowest paid employees. The current multiple is 9.8:1 (at March 2022).
- 6.5 At present, the Council deems these multiples to be appropriate and within the acceptable benchmarked ratio of 10.0:1. The policy regarding pay multiples will be kept under review.
- 6.6 The Council calculates these pay multiples with reference to the most recent available data used for measuring the Gender Pay Gap because it provides a reliable and consistent methodology.

## **7 Gender and Ethnicity Pay Gaps**

- 7.1 The Council's pay policy is an important tool that will help deliver on a commitment to creating a great place to work for all of our employees.
- 7.2 Setting out how the Council recognises and rewards employees in a transparent manner will help to ensure that the Council's approach and its rates of pay are fair.
- 7.3 The Council is required to publish information to show their Gender Pay Gap. Specifically, the Council must publish:
  - average gender pay gap figures (mean and median).
  - the proportion of men and women in each quartile of the pay structure.
  - the gender pay gaps for any bonuses paid out during the year.
- 7.4 In addition, the Council has voluntarily published an Ethnicity Pay Gap since 2019 and Disability Pay Gap since 2021.
- 7.4 The Council's Gender Pay Gap is calculated using a method set by the Equality Act 2010 (Specific Duties and Public Authorities) Regulations 2017 and is reported on the Council's website [here](#). The Council's Ethnicity and Disability Pay Gaps are calculated using the same method.
- 7.5 Reporting Gender and Ethnicity Pay Gaps helps to demonstrate compliance under the Public Sector Equality Duty. The reported information will assist the

Council in addressing how inclusive and diverse the Council is as an employer and will inform decisions around several actions delivered through the Council's People Strategy and aligned plans that will drive positive change.

## **8. Employee Resources**

8.1 The Council uses the following different employee resources:

- Permanent employees on the establishment.
- Temporary employees on fixed term contracts to fill posts on the establishment.
- Interims employed through service contracts to fill posts on the establishment.
- Interims where there is no established post. For example, where temporary specialist skills are needed to undertake a time limited complex project.

## **9. Remuneration of Interim and Temporary Employees**

9.1 Where interim resources are determined to be required for a specific role within the Council, a process is followed. Typically, sourcing is carried out through the Managed Supplier via an approved framework. When interim resources are required, the costs of these are subject to competitive marketplace processes through the Council's approved framework.

9.2 For other posts where the Council requires an interim resource, which is not a Chief Officer, which may or may not be on the establishment, the Council will aim to pay for these services at a rate of pay as close as possible to total employment costs of directly employed employees performing a comparable role, given prevailing market conditions. However, the appointing person will have discretion to settle salary or fees in line with current market factors. Any such arrangements require authorisation from the Resource Management Board (Chief Executive Officer, Director of Resources and Assistant Director, People and Talent).

9.4 Where an interim appointment or temporary contract is deemed appropriate no appointment will be made without first having considered the actual employment relationship and working practices and the individual's status as defined within IR35 Legislation.

## **10. Contract for Services**

10.1 On occasion it will be more appropriate to engage interim employees using a contract for services. Unlike employees employed under contracts of employment, the relevant guidance from the Department for Levelling Up, Housing and Communities does not require such appointments to be approved by Council. However, where such posts are classified as Statutory or Non-Statutory Chief Officers for pay policy purposes, those posts should appear in the Statement of Accounts.

## **11 Appendices**

Appendix A – Greater London Provincial Council (GLPC) Grades and Salaries

Appendix B – Hammersmith & Fulham Chief Officer Grades and Salaries

## Appendix A

### Greater London Provincial Council (GLPC) Grades and Salaries

Grade	01-Apr-22			Grade	01-Apr-22		
	Spine Point	Annual Salary	Hourly Rate		Spine Point	Annual Salary	Hourly Rate
Scale 1B	1	£24,771	£13.20	PO4	36	£45,711	£24.35
Scale 1C	2	£24,954	£13.29		37	£46,719	£24.89
	3	£25,359	£13.51		38	£47,736	£25.43
Scale 2	3	£25,359	£13.51		39	£48,747	£25.97
	4	£25,776	£13.73	39	£48,747	£25.97	
Scale 3	5	£26,193	£13.95	PO5	40	£49,707	£26.48
	6	£26,625	£14.18		41	£50,757	£27.04
Scale 4	7	£27,060	£14.42	PO6	42	£51,783	£27.59
	8	£27,507	£14.65		41	£50,757	£27.04
	9	£27,957	£14.89		42	£51,783	£27.59
Scale 5	10	£28,419	£15.14	PO7	43	£52,806	£28.13
	12	£29,364	£15.64		44	£53,799	£28.66
	13	£29,853	£15.90		44	£53,799	£28.66
	14	£30,348	£16.17		45	£54,825	£29.21
Scale 6	15	£30,852	£16.44	PO8	46	£55,845	£29.75
	18	£32,418	£17.27		47	£56,868	£30.29
	19	£32,961	£17.56		46	£55,845	£29.75
SO1	20	£33,510	£17.85	PO9	47	£56,868	£30.29
	23	£35,223	£18.76		48	£57,909	£30.85
	24	£35,814	£19.08		49	£58,995	£31.43
SO2	25	£36,417	£19.40	PO10	49	£58,995	£31.43
	27	£37,653	£20.06		50	£60,105	£32.02
	28	£38,037	£20.26		51	£61,206	£32.61
PO1	29	£38,934	£20.74	PO10	52	£62,298	£33.19
	28	£38,037	£20.26		51	£61,206	£32.61
	29	£38,934	£20.74		52	£62,298	£33.19
PO2	30	£39,615	£21.10		53	£63,393	£33.77
	31	£40,503	£21.58		54	£64,482	£34.35
	30	£39,615	£21.10				
PO3	31	£40,503	£21.58				
	32	£41,472	£22.09				
	33	£42,510	£22.65				
PO3	33	£42,510	£22.65				
	34	£43,701	£23.28				
	35	£44,691	£23.81				
	36	£45,711	£24.35				

## Appendix B

### Chief Officer Grades and Salary Ranges

<b>Grade</b>	<b>Minimum Salary 1-Apr-2022</b>	<b>Maximum Salary 1-Apr-2022</b>
<b>F</b>	£65,544	£87,444
<b>E</b>	£87,447	£102,045
<b>D</b>	£102,048	£122,904
<b>C</b>	£122,907	£143,763
<b>B</b>	£143,766	£179,223
<b>A</b>	£184,436	£205,294