

Pay Policy Statement 2019/20**1. Introduction**

- 1.1 The Council is committed to transparency of pay, and best value for money to residents in terms of the pay bill to the workforce and quality of services provided to residents.

London Borough of Sutton monitors the Council's benchmark position regularly in London utilising data sets from London Councils, and in particular the annual chief officers' salary survey. This information is used when reviewing pay and grading structures, in combination with data on turnover, recruitment and retention.

- 1.2 This pay policy statement sets out the Council's current position in the labour market and pay benchmarking, pay ratios, the current pay structure and arrangements, dealing with data transparency and senior officer termination payments.

2. Pay benchmarking

- 2.1 In terms of the senior pay benchmarks derived from the London Councils database, the Council is positioned in the mid/lower range for senior pay for the 32 boroughs. In some cases for the most senior roles the Borough pays the lowest rates in the whole of London.

- 2.2 The pay benchmarks are reviewed annually to ensure the Council continues to provide good value for money and that senior managers are not paid in excess of local, regional and national labour markets, as appropriate to the job.

3. Pay ratios and Fair Pay in the Public Sector

- 3.1 The Council ensures all staff are required to demonstrate they are performing to appraisal objectives in order to qualify for incremental pay increases.

- 3.2 The Council makes comparison of the highest paid with the median (recommended in the Government's transparency guidelines). The ratio of the Chief Executive's pay to median employee is 1:4.5 (December 2018). The Hutton report suggested the ratio for the FTSE top 250 private sector companies was 1:38.

- 3.3 Mandatory employer transparency reporting regulations on the gender pay gap were implemented in April 2017. Organisations employing more than 250 employees are required to report their gender pay gap figures annually for 31 March each year by the following 31 March (for public sector organisations) and publish the figures and report on the council website. At 31 March 2017 the gender pay gap was 5.4% in favour of men based on mean hourly rates and -0.4% based on median hourly rates in favour of women. The mean average gender pay gap of London Boroughs for the same period was 3.5% in favour of men and the median average gender pay gap of London Boroughs was 1.2% in favour of men. The gender pay gap in the UK is estimated to be 17.9% which London Borough of Sutton is well below

(Source: Office of National Statistics

<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/bulletins/genderpaygapintheuk/2018>)

London Borough of Sutton's gender pay gap report and action plan is published on the following link:

<https://www.sutton.gov.uk/genderpaygapreport>

4. Current pay structures and arrangements

- 4.1 From 1 April 2016 the Council grades all NJC posts based on a single Hay job evaluation scheme throughout. The Council uses pay ranges from:
- The Joint National Council (JNC) for LA Chief Executives, and the JNC for LA Chief Officers pay agreement arrangements and
 - The National Joint Council (NJC) Greater London Provincial Council (GLPC) Outer London pay agreement.
- 4.2 Some other employees are paid on nationally determined pay scales such as: Soulbury, Youth & Community, Teachers and local conditions.
- 4.3 From 1 April 2016 all NJC employees, Chief Officers and the Chief Executive are placed on grades with incremental progression on an annual basis. Progression through the grade is dependent upon the employee's appraisal outcome taking into account whether they have met their annual performance objectives, their behaviours and an assessment of their overall contribution.

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- 4.4 Senior Employees receive no performance related pay or bonuses. They receive no overtime or pay in lieu of leave. From 1 April 2018 they contribute a percentage of their salary to the local government pension scheme based on their salary band:

Salary Band	%
£45,201 - £61,300	8.5%
£61,301 - £89,400	9.9%
£89,401 - £105,200	10.5%
£105,201 - £157,800	11.4%
Over £157,801	12.5%

Sutton's employer contribution to the pension fund for all contributing members is 17.2% (not including deficit contributions). In some years the Chief Executive also receives election expenses of £4k to £5k when general, local or European elections occur. Annual cost of living increases are determined nationally. Any sums relating to conference speeches or non-executive directorships of other public bodies are paid to the Council.

- 4.5 The Council's Executive Committee gave approval to the current senior manager pay and grading structure, including Chief Officers, in March 2008. All chief officer recruitment is dealt with via the proportionate cross-party Council's appointments sub-committee (a sub-committee of full Council) at which the salary package is considered and approved. These arrangements enable prompt member-level decision making to meet operational demand.
- 4.6 A two year pay deal was agreed by the NJC/GLPC effective from 1 April 2018. As part of this agreement, from 1 April 2019, a new GLPC pay spine will take effect. As a result of the assimilation advice, some of the current pay grades in the lower portion of the pay spine will require minor changes, which do not disadvantage staff financially to ensure compliance with equal pay requirements. The proposed changes are currently being reviewed by trade unions and senior management with a view to implementation from 1 April 2019.
- 4.7 As at 1 April 2018, a 2 year pay deal of 2% in each year was agreed by the JNC for Strategic Directors and the Chief Executive. This is a similar percentage increase to that agreed for officers on the main GLPC pay scales.
- 4.8 Following the implementation of the Hay based job evaluation scheme and new pay and grading structure in April 2016 an Equalities Impact Assessment was completed. The Equalities Impact Assessment of the proposals indicate that there was no significant potential for adverse impact on any of the equalities groups.
- 4.9 The Council has adopted the London Living Wage as the minimum rate of pay for its employees (excluding apprentices).

- 4.10 The Council deducts Income Tax at source for all direct employees, and when it engages contractors/interims it seeks the fullest assurance that their affairs are properly managed and will ask them to commit to this as part of the contractual agreement. The Council implemented the off payroll intermediaries legislation (commonly known as 'IR35') in the public sector with effect from 6 April 2017 as required.

5. Transparency arrangements

- 5.1 Since 2009/10, the Chief Executive's remuneration, that of the Strategic Directors, and any officer earning over £100k, have been the subject of a published statement on the Council's website. This information will continue to be updated on an annual basis. Other salary and budget information is published in the annual statement of accounts, available from the Council's website.

- 5.2 The Council publishes via its Internet site:

- all senior employee salaries with: names (where required), title, salary band and information including job descriptions that will cover span of control and managerial responsibilities
- on an annual basis a schedule of all council employees earning £50,000*, or more, in accordance with the recommended code of practice for data transparency
- structure charts as recommended by the government code of practice for data transparency

6. Termination payments

- 6.1 For Chief Officers, the Council reports to Strategy and Resources Committee all termination payments and the rationale for such a termination arrangements for these matters to be approved by members of the Council. These arrangements in regards to severance payments enable prompt member-level decision making to meet operational demand.
- 6.2 The Council will continue to review and publish our policy on the exercise of discretions under local authority regulations covering compensation for early termination of employment, redundancy and pension enhancements. We will consider our policy on the remuneration of chief officers who returned to a local authority.
- 6.3 The Government has proposed a cap on termination payments in the public sector at £95,000, and for the recovery of exit payments in certain circumstances where an employee subsequently takes up work with another public body. An implementation date for this legislation is still to be confirmed.