

THE ROYAL BOROUGH OF KENSINGTON AND CHELSEA

FULL COUNCIL – 3 MARCH 2021

**REPORT OF THE DIRECTOR FOR HUMAN RESOURCES AND
ORGANISATIONAL DEVELOPMENT AND THE CHIEF EXECUTIVE**

PAY POLICY 2021/22

Full Council is requested to approve the Council's pay policy statement for 2021-22 as set out in Appendix 1.

FOR DECISION

1. INTRODUCTION AND BACKGROUND

- 1.1 Under Section 38(1) of the Localism Act 2011 (the "Act"), the Council is required to prepare a pay policy statement for each financial year. This statement must be approved by Council. The provisions of the Act do not apply to local authority schools.
- 1.2 The pay policy statement must be approved by a resolution of Council before it comes into force. Once in force it must be complied with, although it may be amended by Council during the financial year. It must always be published on the Council's website as soon as reasonably practicable after approval or amendment.
- 1.3 The Council must in setting pay policy statements, have regard to any guidance issued by the Secretary of State for Housing, Communities and Local Government. This includes the Local Government Transparency Code amended 2015 issued pursuant to section 2 of the Local Government Planning and Land Act 1980 and guidance and supplementary guidance issued in February 2013 under section 40 of the Localism Act 2011.
- 1.4 The pay policy statement proposed for 2021/22 includes changes to the Council's pay and grading framework from 1 April 2021 that were approved by Administration Committee on 8 February 2021.

2. CONTENT OF THE PAY POLICY STATEMENT

The Act provides that the Council must include in its pay policy statement, its policies relating to

- The remuneration of its 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 includes the head of paid service, statutory chief officers, non-statutory chief officers and those who report to them.
- The remuneration of its lowest paid employees. The pay policy statement must set out its definition of "lowest paid employee" and the reasons for adopting that definition.

- The relationship between the remuneration of its chief officers and employees who are not chief officers.
- 2.1 Section 38 of the Act together with the statutory guidance also provide for further information to be included in the pay policy statement. The pay policy statement should include the Council's policy on remuneration for its highest paid staff alongside its policies towards its lowest paid employees. In particular, the Council should explain what it thinks the relationship should be between the remuneration of its chief officers and other employees and its policy on the lowest paid (outlined in the paragraph on 'Definitions' within the pay policy statement). The Council should 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.
 - 2.2 So far as other elements of senior remuneration are concerned, including 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.
 - 2.3 The pay policy statement must also deal with a number of aspects of re-employment of staff. 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.
 - 2.4 Due regard has been given to the guidance in the preparation of this pay policy statement.

3. PROPOSAL AND ISSUES

- 3.1 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. This is to illustrate the relationship between the median salary in the organisation and the salary of its highest paid officer.
- 3.2 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 the Council is currently the Chief Executive. The remuneration of the highest paid officer is divided by the median earnings figure to arrive at the pay multiple. This figure, using the March 2020 Gender Pay Gap data, is 5.2. This is unchanged from the previous year.
- 3.3 For comparison, the average pay multiple of Inner London Boroughs reported in their 2019/20 pay policies was 5.8. The Council will continue to review its policy on the application of the pay multiple during 2021/22 in accordance with the duty to regularly review its policy as recommended in the government guidance.
- 3.4 The Council is an accredited London Living Wage Employer. All Council employees are paid at or above the London Living Wage.

- 3.6 On 4 November 2020, the Government implemented The Restriction of Public Sector Exit Payments Regulations 2020 which place a £95,000 cap on all exit payments for public sector organisations including, Local Government. These regulations were made under powers contained in Section 153 and 161 of the Small Business, Enterprise and Employment Act 2015.
- 3.7 However, the Government subsequently announced that with effect from 12 February 2021, it would revoke the Restriction of Public Sector Exit Payments Regulations 2020. Her Majesty's Treasury issued a Direction on the same date that disapplied the cap from that date until the Regulations have been revoked. The Direction also stated that it intends to bring further legislation to tackle unjustified exit payments and to ensure that exit payments deliver value for the taxpayer and employers. The Council's pay policy will be updated as and when any further statutory changes are introduced.

4. OPTIONS AND ANALYSIS OF OPTIONS

- 1) The policy can be adopted as proposed.
- 2) The policy may be amended with an amended pay policy statement adopted by the Council.

5. CONSULTATION

- 5.1 This report is not subject to consultation, however aspects of its contents will have been subject to extensive consultation, for example recent consultation with employees and Trade Unions on the Pay and Grading Review.

6. EQUALITY IMPLICATIONS

- 6.1 As mentioned, this report has been produced so that the Council approves the pay policy statement. There are no actions that impact on equalities and as a result, the report's equalities impact assessment (EIA) is rated as low. In respect of other reports referred to in this report such as the Gender Pay Gap report, this information is also published on the Council's website.

7. LEGAL IMPLICATIONS

- 7.1 The statutory requirement set out in the Localism Act 2011 (Sections 38-43) are summarised in the report and the pay policy statement at Appendix 1. The pay policy statement complies with the statutory requirements.
- 7.2 These implications have been verified or completed as appropriate by Michael Carson Principal Solicitor, Bi-Borough Legal Services Tel 07966 176092

8. FINANCIAL AND RESOURCES IMPLICATIONS

- 8.1 This report sets out the status quo on pay within the Council, therefore there are no additional financial implications arising from the report.

8.2 These implications have been verified or completed as appropriate by Taryn Eves Director of Financial Management. Tel. 07849 077 469

9 RECOMMENDATIONS

9.1 That Full Council approves the pay policy statement and its appendices for 2021-22 as set out in Appendix 1 attached.

Debbie Morris
Director for Human Resources and Organisational Development

Barry Quirk
Chief Executive

BACKGROUND PAPERS:

Localism Act 2011

Openness and Accountability in Local Pay –Guidance under section 40 of the Localism Act 2011 from Communities and Local Government

Openness and Accountability in Local Pay – Guidance under section 40 of the Localism Act 2011: supplementary guidance

The Local Government Transparency Code 2015

The Restriction of Public Sector Exit Payments Regulations 2020

Council Pension Policy

LIST OF APPENDICES

Appendix 1 Pay Policy Statement 2021/22

Appendix 1: PAY POLICY STATEMENT 2021/22

ROYAL BOROUGH OF KENSINGTON AND CHELSEA (RBKC)

1.0 Fairness and Transparency

- 1.1 The Council is committed to paying its staff 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 staff 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.

2.0 Council Values and Behaviours

- 2.1 A new set of values and behaviours were developed by staff and adopted last year. In addition, managers have a document which sets out the behaviour the Council requires employees to demonstrate.
- 2.2 The values, key behaviours and guide to good management are used during recruitment to vacant posts, discussions on learning and development needs, performance appraisal and the determination of performance related pay.
- 2.3 The Council recognises that, as an organisation which expects high standards from its staff, it should motivate and reward accordingly, both to recruit the best and to continue to ensure a high level of individual employee performance.

3.0 Pay Design

- 3.1 Over half of staff salaries are set by national pay bargaining through the Greater London Provincial Council (GLPC). However, the Council decided that, in order to retain staff, it would combine pay scales into longer salary ranges. There are five of these – from Grade B to Grade F. Progression through the range is by increments and is related to satisfactory service. All staff have an annual performance appraisal.
- 3.2 The remaining staff within the non-schools' headcount, numbering approximately 800 including the Chief Officers, have locally determined salary grades – from Grade G to Grade O. Progression through the range is by increments and is related to satisfactory service. All staff have an annual performance appraisal.
- 3.3 The pay scale is set out in the attached Appendix A. The rates shown are those effective from 1 April 2020. The pay scale is reviewed annually on 1 April. Grade A is increased to match the London Living Wage. Grades B to F are increased in line with the cost of living award agreed by the National Joint Committee for Local Government Services. The cost of living award for Grades G to O is determined locally by RBKC.

- 3.4 The pay ranges for all posts in the Council are determined through job evaluation to ensure fairness and equality. In respect of Grades B to F, this is done through a job evaluation scheme developed some years ago for all councils in London called the Greater London Provincial Council scheme. For Grades G to O, the job evaluation scheme that is used is the one devised by the Hay Management Consultancy Group, now part of the Korn Ferry Group. The composition of the Hay scheme is different from the GLPC scheme.
- 3.5 In addition to these annual salaries, the Council can choose to pay extra sums to staff to recognise market pressures or additional work undertaken. These may be pay supplements, acting-up allowances and honoraria.
- 3.6 Currently the Council pays market supplements to the following staff groups:
- Child Protection Social Workers
 - Senior ICT managers
- 3.7 Starting salaries within pay ranges are determined by reference to market rates and an individual's existing salary. Managers are expected where possible to avoid appointing employees at salaries which are higher than the middle of the pay range for the job being appointed to.
- 3.8 Those officers who have statutory positions in relation to elections i.e. Returning officer/ Acting Returning Officer and deputies also receive a fee in recognition of these roles. This fee reflects the advisory fee set for each election by the Ministry of Justice. There are also fees paid to staff 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.
- 3.9 The Council has a number of shared senior management posts with the City of Westminster and to a lesser extent with the London Borough of Hammersmith and Fulham. Where these are in place the remuneration is shared by the relevant Councils.

4.0 Benefits

- 4.1 The Council tries to adopt best practice and allow for market forces when determining additional benefits for its staff. In addition, it acknowledges that benefits are an important part of its recruitment and retention package. All staff are therefore eligible to receive a range of benefits which the Council either provides or has negotiated, such as: interest free travel loan and travel allowance, purchase of additional annual leave, cycle to work salary sacrifice scheme, free swimming at Council Leisure Centres, training support, outplacement support and career counselling for staff made redundant. Council employees also benefit from various discounted membership and reduced entry offer schemes made available to employees by various organisations.

5.0 Pension and Severance Payments

- 5.1 A week's pay for the purposes of pension and severance payments is calculated in accordance with the provision of the Local Government (Early Termination of Employment) Discretionary Compensation (England and Wales) Regulations 2006. The actual amount of a week's pay is based on the average pay received in the 12 weeks before termination. For maternity leave, long term sick leave or unpaid leave the week's pay will be based on the last full 12 weeks of actual or contractual pay as appropriate.
- 5.2 The number of weeks' redundancy is based on age and length of continuous reckonable service at leaving and is subject to a statutory limit of 30 weeks' pay.
- 5.3 Staff are entitled to join the Council's local government pension scheme and will receive their pension at their normal pension age. Employees voluntarily leaving the Council who are over the age of 55 and prior to their normal pension age, with a minimum of 2 years in the scheme, can elect to voluntarily take their pension before normal pension age but with actuarially reduced benefits. Pension payments will be released early in certain circumstances including redundancy and ill health retirements, provided the appropriate statutory regulations, scheme regulations and local pension policy criteria are met as appropriate. There is a separate, published local LGPS discretionary pension policy which is attached as Appendix B. This is updated from time to time.
- 5.4 New starters are enrolled into the Local Government Pension Scheme (LGPS), subject to certain conditions, unless choosing to voluntarily opt out which is also subject to certain conditions (note that new teaching staff are enrolled into the national Teachers Pension scheme).
- 5.5 Under the LGPS, eligible staff aged 55 and over and who have not reached their normal pension age may request flexible retirement whereby they can retire early but continue to work on a part-time basis with permanently reduced hours or with a permanent reduction in grade. Flexible retirement is not a right, it is subject to Council agreement.
- 5.6 Employees who receive a redundancy or severance payment will not be re-employed or engaged as an agency worker, interim or through a contract for services without a business case justifying the decision which requires the approval of the Director of HR and OD.
- 5.7 The Council's local government pension scheme does not operate an abatement policy and so does not make adjustments to any pension in payment if a former employee is appointed to work for the Council again or for another authority operating the LGPS under a contract of employment, agency/interim assignment or contract for services.

6.0 Publication and Access to Remuneration of Chief Officers

The Council publishes details of remuneration of Chief Officers 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 staff on its website. This information is published for all senior staff on annual earnings of £50,000 or more.

7.0 Definitions and Explanation

- 7.1 The pay ranges for senior staff are set by the Council and reflect the need to recruit and retain good staff. Annual reviews of the pay scales for these staff normally take account of the nationally agreed cost of living increases and are payable from April 1st every year. However, on 25 November 2020, the Chancellor of the Exchequer announced the Government's intent to restrict pay awards in the public sector during 2021/22 to just the NHS and those earning less than £24,000 per annum.
- 7.2 The Localism Act requires the Council to define its lowest paid employee. The Council as a minimum pays its directly employed staff the London Living Wage (LLW) rate. The statutory National Living Wage for those over 25 is £8.72 an hour (April 2020 rate) and the voluntary LLW is £10.85 an hour (November 2020 rate). Grade A on the Council's pay scale pays is equal to the hourly rate for the LLW. Accredited LLW employers are required to implement the new rate within six months of the announcement.
- 7.3 The Council operates a graduate placement scheme in conjunction with Comensura, which pays the LLW. Apprenticeships up to Level 4 offered through the Council are also paid at the LLW rate.
- 7.4 The next lowest pay point on the pay scale is Grade B, which is point 4 of the GLPC pay scale. The Council does not use the lowest three points on the GLPC scale. This means that, excluding apprentices and other trainees, employees will be in receipt of a salary equivalent to £12.26 per hour (April 2020 rate).
- 7.5 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. The pay multiple will be kept under review. The Council uses the earnings data for the statutory Gender Pay Gap measures to calculate the median pay multiple. This is because it includes all regular and one-off payments made to employees in addition to their salary and can be produced on a consistent basis each year.
- 7.6 The Equality Act 2010 (Gender Pay Gap Information) Regulations 2017 requires organisations of more than 250 employees to publish their gender pay gap figure and associated data on their websites as well as uploading the information to the Government's website. This requirement needs to be met by 30th March each year for Public Sector organisations. This information is being produced and with a supporting narrative will be published on the

Council's website and uploaded to the Government site prior to 30th March 2021. If the publication of the Gender Pay Gap information results in any changes to the Pay Policy these will be reported to Council. In line with commitments to diversity and inclusion and increasing transparency, information on the Council's ethnicity pay gap is also be published annually from March 2020.

8.0 Remuneration Committee

- 8.1 The Council's constitution delegates responsibility for decisions on appointments on salary packages of £100,000 and above to the Administration Committee and are not therefore subject to consideration by full Council.

9.0 Council Role

- 9.1 The Localism Act 2011 requires full Council to approve a pay policy for each financial year. Amendments made to a pay policy during a financial year also require the approval of full Council.
- 9.2 Any severance payments made by the Council will be in accordance with Section 5 of this policy statement and the Statement of Local Employer Pension Policy published separately.

Appendix A: RBKC Pay Scale

This table shows the Council's grade structure and salaries with effect from 1 April 2021. For Grades B to F, it also shows the equivalent grade on the Greater London Provincial Council (GLPC) pay spine.

RBKC Grade	GLPC Equivalent Grade	GLPC Spine Point	2020 Rate	RBKC Grade	Spine Point	2020 Rate	RBKC Grade	Spine Point	2020 Rate		
A	N/A	LLW	£20,179	G	1	£44,370	L	1	£101,980		
B	Scale 2	4	£23,016		2	£45,256		2	£104,018		
C	Scale 3	5	£23,427		3	£46,161		3	£106,097		
		6	£23,850		4	£47,084		4	£108,218		
		7	£24,279		5	£48,025		5	£110,381		
	Scale 4	8	£24,717		6	£48,986		6	£112,588		
		9	£25,161		7	£49,965		7	£114,840		
		10	£25,614		8	£50,964		8	£117,135		
D	Scale 5	12	£26,544	H	1	£49,916	M	1	£118,080		
		13	£27,024		2	£50,914		2	£120,441		
		14	£27,510		3	£51,932		3	£122,849		
	15	£28,005	4		£52,970	4		£125,305			
	Scale 6	18	£29,544		5	£54,029		5	£127,811		
		19	£30,078		6	£55,109		6	£130,365		
20		£30,618	7		£56,210	7		£132,972			
E	SO1	23	£32,301		I	8		£57,335	N	8	£135,630
		24	£32,883	1		£59,111	1	£156,642			
		25	£33,474	2		£60,293	2	£159,775			
	SO2	27	£34,689	3		£61,499	3	£162,971			
		28	£35,067	4		£62,729	4	£166,230			
29	£35,949	5	£63,984	5		£169,554					
F	PO1	30	£36,618	J		6	£65,264	O		6	£172,946
		31	£37,491			7	£66,569			7	£176,404
	PO2	32	£38,442		8	£67,900	8		£179,933		
		33	£39,462		1	£68,881	1		£195,225		
	PO3	34	£40,632		2	£70,257	2		£199,130		
		35	£41,607		3	£71,662	3		£203,112		
	PO4	36	£42,609		4	£73,094	4		£207,175		
		37	£43,599		5	£74,556	5		£211,318		
		38	£44,598	6	£76,046	6	£215,544				
	Note: RBKC does not use GLPC points 1 to 3, 11, 16, 17, 21, 22 and 26				7	£77,567		7	£219,855		
8					£79,118		8	£224,252			
K					1	£80,510					
					2	£82,119					
					3	£83,761					
					4	£85,436					
					5	£87,143					
					6	£88,886					
	7	£90,662									
	8	£92,475									

APPENDIX B: STATEMENT OF LOCAL EMPLOYER PENSION POLICY APRIL 2019

This statement applies to all employees of the Royal Borough of Kensington and Chelsea (the Council), who are eligible to be members of the Local Government Pension Scheme. There are four specific matters on which the Council needs to declare its local policy as an employer and two specific matters on which the Council needs to declare its local policy as an administering authority. These are set out below.

1. Discretion of employer to award additional pension

Regulation 31 LGPS Regs 2013

This regulation gives an employer the power to award up to £6,755 per year additional pension (increased in April each year by the Pensions Increase Act 1971) to an active member or a member who is dismissed by reason of redundancy or business efficiency on retirement.

Local policy

The Council will consider use of this regulation to award additional pension on the recommendation of the Director of Human Resources (DHR). Where the discretion is exercised the cost to the pension fund is to be reimbursed by the employing department, within one month of a resolution being made to agree that payment.

2. Discretion to permit flexible retirement

Regulation 30(6) and 30(8)) LGPS Regs 2013

This regulation enables an employer to let an employee aged 55 or more reduce his/her hours or grade and receive immediate payment of all or part payment of the pension benefits to which that member would be entitled in respect of that employment, adjusted by the amount shown as appropriate in actuarial guidance issued by the Secretary of State.

If the employee would suffer an actuarial reduction in the pension and lump sum due to the early payment, the regulations confer a further discretion for the employer, at its own cost, to waive that reduction in any particular case.

Local Policy

The Council will consider allowing flexible retirement to an employee aged 55 or more only where no costs occur to the pension fund from flexible retirement. No waiver of actuarial reduction will be made in such a case.

If flexible retirement is requested in relation to a reduction in contractual hours, requests will only be considered where the reduction in hours is at least 40 per cent of their existing contractual working hours. Under this arrangement no employee would not be permitted to work more than 3 days per week. Also, this discretion may

only be used where the employing department can demonstrate that there will be no adverse impact to service users.

The Council wishes to support employees who wish to have a gradual transition to full retirement via a reduction in working hours or a reduction in grade, so will be minded to support applications from members who have attained age 60, subject to there being no costs to the pension fund. In all cases support will be required from the employing department who will need to submit a business case detailing how the service will be maintained. The DHR will consider such requests in conjunction with the Chief Executive and Director of Finance.

3. Discretion to waive in whole or in part any actuarial reduction

Regulation 30(8) LGPS Regs 2013

This regulation gives the employer discretion to waive in whole or in part any actuarial reduction that would be required where a LGPS CARE scheme member, who has attained age 55 or more, elects to receive immediate payment of a retirement pension in relation to an employment, if that member is not their employee in local government services in that employment.

Local Policy

No waiver of actuarial reduction will be made in such a case.

4. Permitting additional pension contributions

Regulation 16 LGPS Regs 2013

Regulation 16 gives the employer discretion to fund in whole or in part the scheme member's lump sum contribution to pay Additional Pension Contributions (APCs) to cover a period of absence from work on child-related leave, reserve forces leave or because of illness or injury. In the event of the employer exercising its discretion to fund in whole or in part the absence, it also permits the administering authority to require a medical report from the applicant, to show that he/she is in reasonably good health.

Local Policy

The Council will only in exceptional circumstances fund in whole or in part the pension contributions to cover a period of absence. Consideration will be given to the circumstances of each individual case and will include reasons for the absence e.g. unplanned change in circumstances or bereavement. The Council will always require a medical report from an applicant- obtained at the applicant's cost – before agreeing any additional pension contributions.

5. Awarding Death Grant payments

Regulation 40 LGPS Regs 2013

This regulation gives an administering authority absolute discretion to pay the death grant to or for the benefit of the scheme member's nominee, personal representatives or any person appearing to the Council to have been a relative or dependant of the scheme member.

Local Policy

The Council will decide to whom death grants should be paid, taking into account, but not limited to an expression of wish form.

The Local Government Pension Scheme allows a scheme member to complete an expression of wish form, nominating a beneficiary or beneficiaries to receive the tax free lump sum death grant payable in the event of his or her death. Completion of an expression of wish form will usually allow the council to pay the death grant quickly and without the need to wait for an estate to be settled and Probate obtained.

Where there is no expression of wish form or the scheme member's circumstances have changed since the nomination was completed (for example there is a subsequent marriage, divorce or children) the Council may need to wait for the estate to be settled and Probate issued in order to make a decision

6. Paying Child Pensions

Schedule 1 LGPS Regs 2013

Under this schedule, an administering authority has the discretion to treat a child's full-time education or vocational training as continuous, ignoring any break.

Local Policy

The Council will take into account the circumstances of each individual case which will include consideration of the reasons for the break e.g. unplanned change in circumstances or bereavement.