

Remuneration

This chapter covers

- [Grading & Pay Structure](#)
- [New Staff & Promotions](#)
- [Protection](#)
- [Market Supplements](#)
- [Honorary Payments & Acting Up Allowances](#)
- [Overtime](#)
- [Other Additional Payments to Basic Pay](#)
- [Reimbursement of Expenses](#)

[Appendix 1- Equal Pay Statement](#)

[Appendix 2 Protocol for Determining Market Factors](#)

Related information can be also found in other Business Manager Handbook chapters -

- Car leasing, car and cycle allowances in [Travel](#).
- Incremental awards and performance management reviews in [Performance Management](#)

Introduction

From April 1999 the pay for most Southwark employees, (excluding schools), has been determined under the provisions of Council's [Remuneration Strategy](#). Southwark's pay arrangements are based on the principles of equal pay. The Council's Equal Pay Statement, shown in [Appendix 1](#), which has been agreed with the trade unions, underpins remuneration practices for all staff on the Southwark grading structure.

Grading & Pay Structure

1. The Council's grading structure and the pay spine are available on the [Source](#). This structure is characterised by overlapping grades. Grades 1-12 are used for all staff up to JNC level. Grades 14-22 apply to the Council's senior management and attract other conditions of service
2. Teaching staff and the Coroner are excluded from the grading structure, as their pay is set outside the Council. Other groups, such as staff on Craft conditions, receive national rates.
3. The Council uses a recognised system of job evaluation (the Hay Scheme) to determine the grades of jobs. This applies across all services, but excludes jobs such as teachers where pay and conditions are set nationally.
4. To minimise potential of pay drift and avoid inconsistency in grading decisions all job evaluations are undertaken by Corporate HR. A protocol outlining the job evaluation is available via this [link](#).
5. Pay awards for posts grades 1-22 are negotiated by the National Joint Council for Local Authorities Services. Based on the NJC Award, the Greater London Provincial Council sets any further increase for staff based in London. (From the 1st April 2001 London Weighting was added to the National spine to create an Inner London Pay Spine, which is used by Southwark). The effective date of any increase is normally the 1st April.

[Back to top](#)

New Staff & Promotions

1. All new staff will commence on the bottom of the grade, unless the business unit can provide objective justification for payment at a different point. Such objective justification may include; the holding of qualifications, experience, where their existence can be shown to have a **tangible impact** on a postholder's ability to carry out duties in a manner which improves service provision. Where the use of such criteria has an adverse impact to significant numbers of people of a particular gender, ethnic origin, age or disability it may be challenged as discriminatory.
2. Where staff are promoted to a post of a higher grade they must be placed on the
 - The bottom point of the new grade (dependent on any business unit criteria for new entrants), or;
 - If they already earn above the bottom point, a maximum of one spinal column point in excess of the salary paid to them in their former post.

Protection

There are no arrangements to offer any protection payments to staff. Where an employee is deployed, for example, to a lower graded post there is no right to retain the salary / spinal point from their previous grade. Staff will be employed on the terms and conditions of the new post .

Market Supplements

1. From time to time there will be a limited number of posts within the Council that attract a "market" supplement. For the purpose of remuneration, a market supplement is defined as -

"a time limited supplement to basic pay made in recognition that comparable posts in a competing market are paid higher salaries as the norm".
2. A market supplement may be payable where salaries in comparable posts can be shown to have a **tangible** effect on the Council's ability to recruit or potentially to retain staff. The fact that a post (or type of post) is paid more elsewhere is not sufficient reason. A protocol for the payment of a market supplement is provided in [Appendix 2](#). All market supplements can only be introduced or changed in consultation with HR.

Honorarium Payments & Acting Allowances

1. When the duties and responsibilities of a post are not being carried out, either because the post is vacant or for another reason (i.e. long-term sickness absence) excluding annual leave, there are two ways of providing cover for that post and rewarding the person(s) who performs the additional duties. These are by honorarium payments or acting allowances.
2. In all cases of acting allowances and honoraria payments, it should be noted that:
 - Additional duties have to be undertaken over a minimum continuous period of four weeks. Payment is effective from the first day that additional duties are undertaken.
 - Neither acting allowances nor honorarium payments should be made where overtime payments are made for the same work being done.

Honorarium payments

3. As well as the circumstances described above; there may be instances where a person temporarily takes on other duties (not necessarily associated with a vacant post), e.g. a particularly onerous project outside of their normal duties. Amounts payable must be discussed with HR.
4. It is recommended that honorarium payments are allocated, following “mini-competition”. It is acknowledged, however, that on occasions there will be an immediate need for the additional duties and responsibilities to be covered, and that the delegated manager may have to identify the most suitable individual(s) immediately rather than invite applications.

Acting Allowances

5. An acting allowance may be considered as a means of covering the full range of duties of a vacant post. The Chief Officer or nominee should, where practical, invite applications for the position requiring cover, and proceed with “mini-competition”.
6. Where less than the full duties of a higher graded post are being undertaken an honorarium payment should be considered.

Overtime

1. The provision exists for taking time off in lieu, where no additional payment is made. Extra time of less than half an hour on any day does not rank as overtime. Overtime payments only apply where the posts full time equivalent hours are exceeded; i.e. in excess of 36 hours per week.
2. A number of rates apply as follows: -

a) Employees on grade 1-8 (inclusive)

For overtime on any day other than a Sunday, or general public /bank holiday, payment is made at time and a half. For overtime on Sunday, general public /bank holiday, payment is made at double time. Overtime is based on the grade rate, and is not enhanced by other allowances paid, e.g. night duty.

b) Employees Grade 9 to 12 inclusive

These staff are paid “Planned Overtime”. Such overtime should have prior authorisation and should be subject to proper control and monitoring. Current rates are included in salary scales available on the Source, [click here](#).

c) Job Sharers & Part time staff (Grades 1-12)

No overtime is payable until the person has worked enough additional hours to take them over the full time hours. Additional hours worked up to the full time hours will be paid at the normal hourly rate.

d) JNC staff on grades 14 and above

Overtime is not payable; part time staff working additional hours will receive compensation at single time up to full time equivalent.

Other Additional Payments to Basic Pay

(Excluding Car / Cycle Allowances)

Standby Allowance

1. The Council operates a stand-by allowance scheme for employees required to be on call outside normal working hours when not otherwise provided for as part of their job. It is a contractual requirement, paid as and when worked. The scheme, and level of payment, is identical for all employees.
2. Payment is based on units per session, as below:

Monday to Friday	1 unit per stand-by session exceeding 6 hours ½ unit per stand-by session up to and including 6 hours
Saturday	2 units per session
Sunday, Public holidays	3 units per session

A seven-day stand-by, therefore, comprises 10 units; Monday to Friday = 5, Saturday=2, Sunday=3. Current rates are included in salary scales available on the Source, [click here](#).

Irregular Hours Allowance

3. Arrangements applicable in the National Conditions for APT&C staff the “Purple” book continue to apply until such time as a local agreement is established. (The “Purple” book was replaced in 1997 by the National Conditions for Local Authorities Services the “Green” book, referred to above)

The irregular hours allowance recognises the requirement for full time postholders, **as part of their normal working week**, to work a minimum of 4 hours per week outside qualifying period. The qualifying period is one and a half hour before and/or one and a half hour after the authority’s normal office hours (9am to 5pm). Two rates apply dependent on hours worked outside the qualifying period.

- For an average of four hours but less than eight hours per week beyond the qualifying period calculated over the working cycle **7.5%** of basic salary
- For an average of eight hours or more per week beyond the qualifying period calculated over the working cycle **10%** of basic salary.

The premium is not payable to residential staff, shift workers or those who receive other payments in recompense of working pattern, e.g. night work.

Shift Work

4. Residential workers and some other staff who work shifts, receive up to two increments additional to the standard grade range as an all inclusive payment for the need to work weekends and shifts. There are, however, a few workers outside these groups who continue to receive alternating and rotating shift payments

5. Where appropriate, shift enhancements are payable in addition to enhanced rates of pay for work on a Saturday or Sunday as part of a normal working week. Time worked beyond the normal shift will be regarded as overtime.
6. Averages are calculated by looking at the permanent shift pattern. Payment will not be made for one off, or irregular working patterns.

Alternating Shifts

7. This is payable where:-

- The total period covered by the shifts is 11 hours or more; **And**
- There are at least 4 hours between the starting time of the earliest and latest shift; **And**
- The number of “normal office hour shifts” (9am to 5pm) does not exceed one half (i.e. 1 in 2) of the total number of shifts in the rota.

Where these criteria are met, the following allowances are payable where two shifts on a rota basis, not including a night shift, are worked over 4, 5, or 6 days a week:-

- Where the total period covered by the two shifts is between 11 and 14 hours **12.5%** of basic salary
- Where the total period covered by the two shifts is more than 14 hours, **14%** of basic salary.

Rotating Shifts

8. This is payable where:-

- The total period covered by the shifts is 18 hours or more; **and**
- At least four hours are worked between 8pm and 6am

Where these criteria are met, the following allowances are payable where two shifts on a rota basis, not including a night shift, are worked over 4, 5, or 6 days a week: -

- Three shifts on a rota basis including a night shift over 5 or 6 days a week, **17%** of basic salary
- Three shifts on a rota basis including a night shift over 7 days a week, **20%** of basic salary

Night Work

9. Employees, excluding residential staff, who work at night as part of their normal working week are entitled to receive an enhancement of time and a third for all hours worked between 8 p.m. and 6 a.m.

For residential staff the qualifying period is 10pm to 7am.

Residential, Annualised Hours & Other Equivalent Groups

10. Residential staff are required to work rotas to provide cover throughout the working day, including Saturdays and Sundays. A small number of staff also work annualised hours. These employees do not have a standard working week but vary according to service need, often with the longest hours during the summer months.

These staff receive 2 additional increments to the grade, as full and final recompense, of the working pattern required. Application to other work groups is not delegated to business units and could only be considered in discussion with the HR Director.

Sleeping in Allowance

11. Residential staff undertake sleeping in duties, i.e. where a person is required to sleep on the work premises and be available for duty when called outside the waking day.

It is a contractual requirement, paid as and when worked. No payments in respect of sleeping in duties are paid while an employee is on annual leave, sickness or at a time of redundancy.

All staff receive the same rate, regardless of job, which is inflated annually by the National Joint Council (Local Government Services) in line with the pay award. Normal overtime payments, in addition to the allowance, are made for work in excess of half an hour on a sleeping in duty. Current rates are included in salary scales available on the Source, [click here](#).

First Aid

12. The types of personnel with responsibilities for first aid in the workplace are: -

- Nominated First Aider;
- Appointed Persons.

Payments are made monthly. Rates are set by the GLPC, current details are shown on the source, [click here](#). For further details on qualifications and the differing roles please see the [Southwark Safety Reference Manual](#)

Ex-Gratia

13. Applications for ex-gratia payments are considered individually and on their merits by Chief Officers, (or as delegated under the Scheme of Delegation). The value is limited to £200, except in cases of loss of cash by an employee where the limit is £50.

14. Application -

- a) The loss or damage must have been suffered as a result of an accident. If the Council or any of its employees are potentially to blame, and the applicant may make a legal claim against the Council, then an ex-gratia payment should not be made. A claim of that nature should be referred to the Council's Insurance Officer (based in Financial Management Services).
- b) The loss or damage must have occurred while the employee was engaged on official duties.
- c) Where personal property is lost by theft on Council premises, a distinction should be drawn between personal property used for Council work and property simply brought in for the employee's convenience e.g. shopping bought at lunchtime. The approach should be one of common sense, and what is fair and reasonable taking account of the relevant facts.
- d) Where the applicant disagrees with a decision, then he or she may appeal through the Employee Complaints procedure.

Personal Injury Allowance Scheme

15. The council operates a scheme of allowances for all employees in the event of injury or death in the course of their employment. Employees (or their dependants in the event of death) may request that their case is considered under the scheme, and departments must then decide whether an industrial injury has occurred and, if so, how much benefit should be paid, taking account of the circumstances. The scheme operates independently of any insurance the council may have. Payments made under this scheme come out of departmental budgets. Detailed information is available on the Source, [click here](#).

Telephone Allowance

16. Employees who are required to have a telephone for service delivery reasons are entitled to an allowance towards the telephone allowance, this is taxable. The cost of official calls is also re-imbursed, with no tax deductions made.

Mobile Devices

17. Some employees have been allocated a mobile 'phone or another device, such as a Blackberry. Where permitted to use for personal calls, the employee is required to pay for the full cost of any personal 'phone calls.

Benefits

18. As part of its recruitment and retention strategy the Council offers two packages, in addition to standard terms and conditions, to JNC staff and those in posts that are formally designated as "hard to fill". Hard to fill posts are determined by Chief Officers in consultation with the Head of HR, using pre-determined criteria. These postholders can choose either,

Package A Car Leasing. This is a 3-year commitment, which can be taken out at any stage in the year. **N.b. this package only applies to those employed in eligible posts prior to 1st April 2007 or offered related conditions of contract before this date.**

Or

Package B. Benefits. This is a 1-year commitment, which is taken out at 1st April. For people who start in an eligible post during the year the benefits package can be pro rated. Benefits must be selected from a range of benefits that are pre-determined by the Council.

Details of current benefits, tax and administration advice and can be found on the Source, [Benefits](#).

Reimbursement, Travelling & Other Expenses

1. Reimbursement of reasonable expenditure is payable to employees who are prevented by their official duties from taking a meal at their home, administrative centre or establishment where they normally take their meals, and thereby incur additional expenditure. Reimbursement is reliant on the production of appropriate evidence of expenditure and subject to defined maximum levels. These levels are set out on the Source, [click here](#).
- 2.. The Council will reimburse an employee for essential expenses that he/she properly incurs whilst on Council business. The need to incur expenses must be agreed in advance with the employee's manager. It is the employee's and the authorising manager's responsibility to ensure that costs are reasonable and that public money is being used prudently. For detailed information [click here](#).

Equal Pay Statement

Southwark Council supports the principles of equal pay across all its services, regardless of an employee's personal profile (gender, race, age, sexual orientation, disability, trade union membership etc.).

- Posts will receive the same grade for work of the same value, applying the job evaluation scheme used by the Council. A single pay spine is used for all Southwark graded posts.
- Clear criteria will determine starting salaries within the grades, and progression through the grade will be dependent on an approved process and application of the principles of Equal Pay.
- Other differences in pay will be objectively justified and the reasons will be clear to staff. These may include: additions to reflect shift working, market supplements etc.
- Those involved in job evaluation; pay structure design and performance management will receive appropriate training and guidance including equal opportunities implications.
- The impact of pay decisions on individuals will be subject to regular and open monitoring and review at departmental and corporate levels; and jointly with the Trade Unions at Departmental Local Committees and at corporate consultation / negotiation meetings.
- Information on pay structures and how pay is determined will be available to staff through the Council's Intranet site. Changes to pay policy will be subject to consultation with the trade unions with the aim of reaching agreement.

Through these principles we intend to avoid unfair discrimination and believe that the Council's effectiveness and reputation will be enhanced by fairly rewarding the performance, skills, experience and potential of all staff.

(The above statement has been agreed with the trade unions for application to staff on the Southwark grading scheme, e.g. currently excludes Craft)

Protocol for Determining Market Factors

The application of market factors is a key aspect of implementing the Remuneration Strategy. It allows consistency in grading to be maintained, while recognising market pressures, which can affect the Council's ability to recruit and retain staff. The payment of a market factor is not, however, a "quick fix" to a presenting problem. The need for and rate of market factors must be substantiated to avoid equal pay claims. Any deviation from the Council's strategy to pay a rate other than the evaluated grade should only be made with caution.

The following looks at steps required in the introduction and review of market factors.

Definition of market factors

For the purpose of remuneration, a market factor is defined as -

"a time limited supplement to basic pay made in recognition that comparable posts in a competing market are paid higher salaries as the norm".

The reason why market factors are paid may be to overcome recruitment difficulties where financial comparisons suggest that pay is a key factor. Incentives to overcome recruitment difficulties, where pay comparison is not an issue, are touched on below but are not the focus of this protocol.

Why pay market factors?

A market factor may be payable where salaries in comparable posts can be shown to have a tangible effect on the Council's ability to recruit or potentially to retain staff. The fact that a post (or type of post) is paid more elsewhere is not sufficient reason alone as non pay benefits, such as working arrangements, can have a substantial impact on why people choose to work for the Council.

Establishing the need for a market factor

It will be the responsibility of departments to prepare a case on the need for a market factor, plus the identification of the appropriate market.

The case must be substantiated by factual and objective information and may include: -

- That sufficient finance for this purpose is available.
- The suggested level of supplement, with appropriate justification for the amount.
- Results of a recent recruitment campaign, i.e. within the last 6 months. A market factor supplement will not be considered unless the business unit can demonstrate that they have made a meaningful attempt(s) to recruit.
- Outcome of staff exit interviews, plus the destination of leavers. Exit interviews should be offered to all staff and may be pertinent where results show that large numbers are moving to similar posts at higher salaries. Most people, however, will only apply for promotional/ higher salaried jobs and therefore the information needs to be placed in the context of other evidence.
- Potentially, the stated wishes of staff to move to other employment and clear opportunities for that to occur (e.g. national shortage of particular job type) –note this is difficult to substantiate.

- Examples of similar posts recently advertised (i.e. within the last 6 months) that offer higher salaries. A case will be strengthened where several examples are provided of posts that have similar selection criteria and duties. There is a danger of salary comparisons using job titles and advertisements alone, e.g. an Accountant can cover many different roles, advertisements will promote particular messages rather than a rounded picture of a job.
- Publicity and surveys indicating market rates or shortages. Some articles in the media can on their own be misleading and it is essential that this type of material is drawn from reliable sources.

All cases must clearly state the performance outcomes over the next year of recruiting to the specified post with market factors. For example; the payment of a market factor at £xx will enable the business unit to recruit a qualified Accountant with x year experience, one of whose key responsibilities will be to review current strategies for debt recovery so that a x% reduction can be achieved in year 1.

Performance outcomes should not be negative, (e.g. if we don't recruit we will not be able to) and the reasons why other options have been discounted should be clear, such as re-organisation of workload.

Business units must be clear on the market for comparison/ research. For some posts the market is self evident, e.g. Social Workers will be other LAs, in other areas business units need to be specific. For example in accountancy, clarity would be required on qualification, experience levels, any areas of expertise and area of operation.

Process

Requests for consideration of a market factor must be supported by the relevant Head of Service or Chief Officer and forwarded to the HR Director.

Any HR costs which arise from subsequent research (e.g. survey information) will need to be met by the business unit/ department.

The case presented by the business unit will be considered in the light of additional survey information that is held corporately. This will generally be Hay database survey information, but may be local government surveys such as the London Council's survey or information from private companies on particular job types, e.g. IT/ Accountancy

The HR Director will review the case submitted in discussion with the relevant Head of Profession, where appropriate – e.g. in relation to finance / legal/ IT, etc.

Where there are any doubts that financial comparisons are the cause of the presenting problem this will be discussed with the business unit and if applicable support provided by HR to overcome the difficulty, e.g. advice on different recruitment techniques.

Establishing the market factor rate & area of application

The areas to be considered are -

a) The rate of market factor to be paid. This will be based on -

- Judgement, are the posts being used for comparison really pertinent?
- Factual information on salary data, using the information provided by the business unit and corporate data. Wherever possible this will include the Hay salary database as this retains comparative data according to job size and therefore a better match to Southwark jobs.

b) The population eligible to receive a market factor must be identified and documented.

As previously, this will be post specific (e.g. all Education Psychologists) but must also reflect the input of the staff and their outputs - i.e. the purpose is to recruit and retain staff who successfully undertake "hard to fill" posts and make a tangible impact to the Council's core objectives. Market factors cannot be awarded to staff, or renewed on an annual basis, simply because they hold a particular role regardless of achievements.

The level of market factor may be directly performance dependent, (in a similar way to bonus). For example salaries of high fee earners in the external Property world may be used for comparison and any market factor paid only to those generating significant income for Southwark. Staff may be therefore be subject to a series of "tests" before any retrospective addition is awarded

c) Information will be analysed and a recommendation made by HR on the payment / percentage of any market supplement, in discussion with the appropriate head of profession (as above) and referring Head of Service as appropriate.

d) Any failure to agree on the award or percentage of a market factor will be referred to the Chief Officer of the department for discussion with HR Director. Any continuing disagreement will be referred to the Chief Executive as the final arbiter.

Payment of a Market Factor

Market factors will -

- Not be awarded if the market percentage is less than 10%.
- Be time limited to up to one year and subject to renewal on 1 April.
- In practice reflect the market one-year in arrears. Each October a review will take place on the award to be paid on 1 April next, based on information received over the preceding 6 months.
- Be payable to existing staff within the population eligible for the market factor (e.g. qualified accountants with x years experience undertaking y role) as well as new recruits.
- Potentially decrease, increase, or be removed - subject to market changes.
- Be either included in the contract or as an addendum to contract, that the postholder would be asked to sign.
- Be a percentage addition to the inclusive spine.
- Be taxable & superannuable.
- Be enhanced by the percentage pay award, (account of the potential pay award will have been taken into account in setting the market factor level).
- Be set up on SAP as a time limited payment.
- Be subject to review on transfer, promotion, demotion or other job change.
- Not be translated into other "perks", car leasing arrangements, increased holidays etc.
- Be monitored by business units and at a corporate level, to ensure that no indirect discriminatory impact occurs.

Employee Complaints & Market Factor

The decision to pay a market factor is made to overcome a specific organisational problem, e.g. recruitment difficulties and is not related to an individual. The award of a market supplement is not an appropriate subject for an employee complaint, in the same way as the pay award is outside individual's area of influence.

Where an employee has signed a contract (or addendum) including a market factor, any change perceived to be outside the contractual provisions may be the subject of a staff complaints under the existing staff complaints procedure.

Other Supplements

As noted previously there is an argument that a financial incentive to applicants may be considered where there are recruitment difficulties not related to pay. There may be a perception is that although salaries are comparable with other organisations; people may not be attracted to work in Southwark – through views about local government, its location, (etc.). This difficulty may be more acute where there is a national shortage of particular work type.

In the past salary supplements have been paid in such circumstances, however, levels of payment are very difficult to justify, and it is proposed that such enhancements should be used rarely and once other options have been fully explored. Where such difficulties are faced, therefore, business units are advised to discuss the situation with Human Resources so that they can better consider the options available and to develop responses appropriate to the particular post. Financial options themselves are variable; e.g. re-location expenses, lump sum payment on arrival, (etc.) and may be better rather than a continuing payment. The key, however, is that responses are justifiable and specific.

[Back to top](#)