

## Remuneration analysis: posts earning more than £50,000

The number of officers employed by Lambeth Council on salaries of over £50,000 has increased in recent years. However, this increase is mainly due to the effects of pay inflation, which has pushed up pay-levels across the board.

It is therefore untrue to say that Lambeth employs a large number of extra “senior managers”, as has been claimed in some places; the officers in posts where salaries have increased beyond £50,000 due to inflation remain at the same level of seniority.

The analysis below gives more details.

### Key Facts

- *Local authority accounts must report the number of staff paid above the £50,000 baseline, which was set by the Government in 2004/05.*
- *Pay inflation has pushed a number of officer grades/spinal points beyond the £50,000 baseline over this period.*
- *A number of posts that did not need to be disclosed in previous years now need to be included in the total of “senior salaries” in Lambeth’s annual accounts as, due to inflation, they now pay a salary above £50,000.*
- *The officers in posts where salaries have increased beyond £50,000 due to inflation remain at the same level of seniority.*

### Analysis

- Definition

In the annual Statement of Accounts, the council is required to disclose the number of staff receiving remuneration of over £50k. The £50,000 threshold was set in 2003/4 and has not been revisited.

With salary spinal point increases and inflation pay awards set nationally, even if an organisation was standing still one would find more and more individuals forming part of the over £50k disclosure as a result of natural progression.

Information published as part of the [Statement of Accounts](#) (note 9b for 2018/19) details the number of officers receiving total remuneration of £50,000 or more in a financial year. The CIPFA Code of Practice, defines remuneration as;

*‘...all amounts paid to or receivable by a person, and includes sums due by way of expenses allowance (so far as those sums are chargeable to United Kingdom income tax), and the estimated money value of any other benefits received by an employee otherwise than in cash.’*

This means items such as salary, overtime payments, back-pay, other one-off enhancements, expenses & allowances, compensation for loss of employment and any other benefits for which those sums are chargeable to UK income tax, are included when calculating total remuneration for an officer.

Given the criteria, items included in arriving at the numbers and acknowledging that some of these are one off in nature, there will be fluctuations that will not regularly reoccur and will change the numbers included in each remuneration band or in the note as a whole year on year.

- Pay Inflation

The key factor affecting the number of staff in this analysis is the impact of pay inflation.

The table below provides examples of where officer grades received salary of less than £50,000 in 2015/16, but would now earn more than that due to the impact of inflation alone.

Greater London Provincial Council Salary Rates				
Spinal Column Point	2015/16	2016/17	2017/18	2018/19
51	£48,207	£48,690	£49,176	£50,160
52	£49,128	£49,620	£50,115	£51,117

The council has seen an increase in those earning over £50k over the years. The council's [pay policy statement](#), published and reported annually to the council's Corporate Committee, states that in December 2019 there were 265 staff earning over £50k making up 11.42% of the workforce. The same document reported to council in February 2014 stated that there were 208 staff earning over £50k making up 7.8% of the workforce. However this does not mean that the council is employing more senior staff.

- 2018/19 data

Analysing the 2018/19 draft statement of accounts figures, the note states that 88 council officers were in the £50-55k band and 51 officers were in the £55-60k band. Merely as a result of pay inflation, those 88 posts would have earned £43,776 - £48,153 (based on assumed grade mid-point) a decade ago and would have therefore all been excluded from this disclosure.

Taking another reference year of 2013/14 as an example: approximately 56 of the 88 disclosed staff in 2018/19 would have earned below £50k in 2013/14 and therefore would not have been within the scope of this note in that year.