

**East
Hampshire**
DISTRICT COUNCIL

PAY POLICY STATEMENT

Financial Year 2020-21

1. Purpose

This Pay Policy Statement is provided in accordance with Section 38(1) of the Localism Act 2011 and is updated annually from April each year.

This pay policy statement sets out East Hampshire District Council's policies relating to the pay of its workforce for the financial year 2020-21, in particular:

- a) the remuneration of its Chief Officers
- b) the remuneration of its "lowest paid employees"
- c) the relationship between
 - the remuneration of its Chief Officers and
 - the remuneration of its employees who are not Chief Officers

This Policy Statement is an annual revision. It is available on the Council's website. The Council's website also includes separately published data on salary information relating to Chief Officers.

2. Scope

This statement applies to all employees of the council employed under the conditions of service of the following bodies:

- National Joint Council for Local Government Services;
- Joint Negotiating Committee for Chief Officers of Local Authorities;
- Joint Negotiating Committee for Local Authority Chief Executives

3. Definitions

For the purpose of this Pay Policy the following definitions will apply: -

3.1 "Pay" In addition to salary includes charges, fees, allowances, increases in/ enhancements to pension entitlements, and termination payments.

3.2 "Day's Pay" The definition of a day's pay is the hours worked on the day multiplied by the employee's hourly rate of pay.

3.3 "Chief Officer" Refers to roles within East Hampshire District Council within the corporate leadership team, which comprises Statutory and Non Statutory Chief Officer posts;

- Chief Executive and Head of Paid Service
- Director for Regeneration & Place
- Director for Corporate Services & Chief Finance Officer (Section 151 Officer)
- Client Relationship Director
- Head of Legal & Democratic Services and Monitoring Officer

Officers within this Chief Officer group will normally hold Statutory functions (Head of Paid Service, S151 Officer, Monitoring Officer) unless delegated by exception.

3.4 "Deputy Chief Officer" i.e. all other Heads of Service and all senior managers if reporting directly to, or directly accountable to, a statutory or non-statutory Chief Officer in respect of all or most of their duties (excluding roles which are clerical or secretarial).

3.5 "Shared roles" - East Hampshire District Council has a partnership agreement with Havant Borough Council. Chief Officer/Deputy Chief Officer roles and shared employees are covered by an Inter Authority Agreement (IAA). This IAA is a S113 legal agreement between the two councils and ensures that issues around control, cost sharing, indemnity and transparency are all clearly captured within this formal agreement.

3.6 "Lowest paid employees" refers to those staff employed within grade 1 of the council's pay framework. The above definition for the "lowest paid employees" has been adopted because grade 1 is the lowest grade on the council's pay framework.

3.7 "Employee who is not a Chief Officer" refers to all staff who are not covered under the "Chief Officer and Deputy Chief Officer" group above. This includes the "lowest paid employees" i.e. staff on grades 1.

4. Pay and grading structure

4.1 General approach

Remuneration at all levels needs to be adequate to secure and retain high-quality employees dedicated to fulfilling the council's business objectives and delivering services to the public. This must be balanced by ensuring remuneration is not, nor is seen to be, unnecessarily excessive. Each council has responsibility for balancing these factors. Each council faces its own unique challenges and opportunities in doing so and retains flexibility to cope with various circumstances that may arise, including the use of market supplements or other such mechanisms for individual categories of posts where appropriate.

4.2 Responsibility for decisions on remuneration

It is essential for good governance that decisions on pay and reward packages for Chief Executives and Chief/Deputy Chief Officers are made in an open and accountable way and that there is a verified and accountable process for recommending the levels of top salaries.

A remuneration board is in place to formally ratify Chief/Deputy Chief Officer pay and pay progression. The remuneration board members are the Head of Paid Service, the Section 151 Officer, the Head of Organisational Development and a Director. Any decision by the remuneration board is documented for transparency purposes.

Pay for senior staff is determined by the JNC Chief Officer pay negotiations. Any award given is effective from April of the relevant year and is formally noted by JHR Committee in line with HR standing orders.

Pay for the "lowest paid employees" and "all other employees who are not Chief Officers" is determined by negotiation between UNISON and the senior management team through an annual pay claim instigated by UNISON at a local level.

The pay award for all staff is also formally noted at Joint Human Resources Committee. The committee comprises elected Councillors and has responsibility for local terms and conditions of employment for staff within the council's pay framework that falls outside the delegated powers of the Head of Paid Service and Head of Organisational Development.

4.3 Salary grades and grading framework

Salary grades for staff who are not Chief/Deputy Chief Officers and are not in shared roles is determined in line with the HAY job evaluation scheme, with the grade for each role being determined by a consistent job evaluation process. Where the role is shared, the job evaluation process is undertaken in line with the NJC Job Evaluation Scheme (using GAUGE). This approach follows a national requirement for all local authorities and other public sector employers to review their pay and grading frameworks to ensure fair and consistent practice for different groups of workers with the same employer.

As part of this requirement, East Hampshire District Council has a local pay framework in place which consists of an overall number of 11 grades on the pay spine with grade 1 being the lowest and grade 11 the highest. Each grade has a number of increments assigned to it which staff progress through. On average there are five increments per grade, although some grades have more or less this number. In 2021-22 we will be working to even out the number of incremental steps within each of the grades so that all grades have four increments wherever possible.

Each employee will be on one of the 11 grades based on the job evaluation of their role. Employees can progress to the salary range maximum of their grade subject to assessment of their performance in the annual performance appraisal process.

Pay awards are considered annually for staff in negotiation with the trade unions locally.

The rise in the National Living Wage rates, with effect from 1 April 2020 do not impact on the value of the council's lowest pay grades as the council pay is of a higher value. Annual pay awards for all employees will be noted by the Joint Human Resources Committee having regard to any agreement reached by the relevant national negotiating bodies.

The East Hampshire District Council pay framework was agreed and implemented on 1 April 1991.

In light of the partnership agreement with Havant Borough Council, work progressed during 2019-20 to align both councils pay scales to ensure consistency in pay across both councils. This is particularly important where roles are shared. This work will be built upon in 2021-22 to ensure that there is an even spread of points within each grade.

Details of senior management remuneration are published annually on the Council's website as part of this Pay Policy Statement and in the Council's Statement of Accounts.

4.4 Reward Principles

In order to fulfil the strategic priorities, set out within the Corporate Strategy, the council recognises that the approach to pay and reward needs to reflect modern employment practices and continuously keep abreast of the employment market.

The Council has a reward strategy in place which has three core aims:

- 1) to drive a culture which motivates reward,
- 2) to reduce and ultimately remove all barriers to a fair and attractive reward package and
- 3) to align reward with the Councils' resources and financial requirements. To achieve these aims we ensure that we review and continually develop reward practices to reflect modern and innovative trends in reward within the context of local and national collective agreements.

The outcomes of this reward strategy mean we have a reward package in place which is attractive to job seekers, helps the Council to retain talented employees, ensures managers reward staff and teams fairly and there is an ethical, open and transparent decision making relevant to reward.

5. Remuneration – level and element

5.1 Salaries

5.1.1 “Chief Officers”

Chief Officers are paid outside of the council’s pay framework. There is a specific senior pay policy in place which deals with Chief and Deputy Chief Officer pay. Broadly, the following principles are applied:

- Chief/Deputy Chief Officer pay is based on a broad band approach and is set at market rate plus. This means that the entry point of the pay scale is 15% below market rate plus and the top of the scale is 15% above market rate plus. The mid-point of the scale is set at market rate plus. Market rate plus means the council is committed to paying 5% above the market rate based on relevant market data
- There are different bands for senior roles based on hierarchy and each Chief/Deputy Chief Officer are paid a spot salary within the pay band described above,
- the Chief/Deputy Chief Officer pay band is benchmarked to ensure pay remains competitive in the market place. In determining Chief/Deputy Chief Officer pay, relevant available information, including the salaries of Chief/Deputy Chief Officers in other similar sized organisations is considered
- National and local pay awards which are applied across the Councils to all grades of staff below senior management do not apply to senior level roles. Pay for senior staff is determined by the JNC Chief Officer pay negotiations. Any award given is effective from April of the relevant year and is formally noted by Joint Human Resources Committee in line with HR standing orders.

5.1.2 Joint Chief Executive

The Joint Chief Executive is the council's Head of Paid Service. This is a joint post with Havant Borough Council. The remuneration for the Joint Chief Executive is paid outside of the council's pay framework. The level of pay for this role is determined by the Leaders of both councils considering salary benchmarking. There is a broad band of salaries in place which is reviewed each April and the Joint Chief Executive is paid a spot salary within this range.

The annual pay review for the Joint Chief Executive is considered by the Leaders of both councils. The annual pay review takes place annually each year from 1 April.

The performance award for the Chief Executive will be agreed by the Leaders of each Council via Leader delegated decisions and formally noted at Joint Human Resources Committee. Again, any award given will be effective from April of the relevant year.

5.2 "Lowest paid employees"

Each "lowest paid employee" is paid within the salary range for grade 1.

5.3 Other pay elements

"Chief/Deputy Chief Officers" are subject to the same performance management process as the "lowest paid employees" and "employees who are not Chief Officers".

Targets are set and performance against those targets is assessed. Chief/Deputy Chief Officers do not receive any incremental or step progression as they are on a spot salary.

An incremental pay award for any staff member may be withheld in exceptional circumstances due to poor performance. Separate capability processes are applied in such cases.

5.4 Charges, fees or allowances

Any allowance or other payments will only be made to staff in connection with their role or the patterns of hours they work and must be in accordance with the council's collective agreement and subsequent amendments.

Any honorarium that is paid will be paid in accordance with East Hampshire District Council's arrangements for such additional payments. Further details can be provided on request.

Any travel expenses reasonably incurred by an employee in the course of their duties will be reimbursed upon production of appropriate receipts and must be authorised by their line manager before payment will be made. Further detail can be provided on request.

Any subsistence allowance that is paid will be in accordance with the council's policy.

Further details on allowances and payments are available on request.

5.5 Electoral Duties

No fees for election duties are included in the salaries of Chief/ Deputy Chief Officers. Any additional fees payable for such responsibilities are calculated in accordance with the statutory rules and recommendations of the Hampshire and Isle of Wight Election Fees Working Party for all local government elections and by central government for Parliamentary elections. Special fees are paid for Returning Officer duties which are not part of the post holder's substantive role. These fees are payable as required and can be made to any senior officer appointed to fulfil the statutory duties of this role.

The Returning Officer is an officer of the District Council who is appointed under the Representation of the People Act 1983. Whilst appointed by the District Council, the role of the Returning Officer is one which involves and incurs personal responsibility and accountability and is statutorily separate from his/her duties as an employee of the District Council. As Returning Officer, he/ she is paid a separate allowance for each election for which he/she is responsible in accordance with accepted national and regional scales and criteria which is approved annually by the Home Office and Electoral Claims Unit.

5.6 Performance Management

High levels of performance are expected of all of our employees. Performance and contribution during the course of the year is reviewed within the annual appraisal process.

This process provides for the setting of targets on an annual basis and review of the employee's achievement against those targets.

Where a member of staff is employed within the salary and grading framework set out in 4.3, following assessment of the employee's achievement against targets the reviewing manager will recommend a rating for each employee. This will normally result in the progression of one incremental step but will not take the salary above the salary range maximum. If an employee is at the top of their grade there will be no further increase. Except in rare cases of poor performance, incremental progression will be applied where relevant.

The staff recognition scheme 'You're a Star' offers rewards to staff, one of which is a one-off payment as a reward for going above and beyond in their given role. A staff recognition panel awards payment.

Any salary changes following assessment under the Appraisal process will normally be effective from 1 April each year.

5.7 Other

- a) There is a formal provision for a payment to the Joint Chief Executive based on performance which is determined through the normal appraisal system conducted by the Leaders of both councils and is independently verified by the Head of Organisational Development.
- b) Staff members are entitled to access corporate rates for dental and health cash plans through a third-party supplier.
- c) A single financial benefit is payable upon death of any member of staff. The benefit is paid to either widows, widowers, civil partners, cohabiting partners without a legal status or dependent children under the age of 19 who are still in full time education. The benefit is equivalent to the greater of; one twelfth of one year's salary, or £1500 after five years' service, or £2,000 after ten years' service or £2,500 after twenty years' service.

5.8 Car, Motorcycle and Bicycle Loans

The current scheme offers car, motorcycle and bicycle loans up to a maximum of £20,000 and the total loan must be no more than 50% of the employee's gross salary.

These are only available to those staff who are deemed to be 'essential users' who have successfully completed their probationary period. The loan rate is in line with the HMRC official interest rate at the date the loan is taken out and is fixed for the period of the loan. The term of the loan is up to a maximum of five years.

5.9 Pension

All employees as a result of their employment are eligible to join the Local Government Pension Scheme. There are no increases or enhancement to pension entitlements.

5.10 Severance Payments

On ceasing to be employed by East Hampshire District Council, individuals will only receive compensation:

- a) in circumstances that are relevant (e.g. redundancy)
- b) that is in accordance with our published policy statement on how we exercise the various employer discretions provided by the Local Government Pension Scheme (LGPS), and/or
- c) that complies with the specific term(s) of a settlement agreement

We are already required to publish our policy on discretionary payments on early termination of employment as well as publishing our policy on increasing an employee's total pension scheme membership and on awarding additional pension.

It is important that the council has flexibility to respond to unforeseen circumstances as regards re-employing former employees as a Chief Officer.

If we re-employ a previous employee who received a redundancy or severance package on leaving, or if that person returns on a 'contract for services', or if they are in receipt of a Local Government Pension Scheme (with same or another local authority), then the decision to re-employ will be made on merit, taking into account the use of public money and the exigencies of the council. Decisions taken in respect of re-employment of former employees in receipt of a redundancy/severance package will be taken in line with legislation in force at that time.

5.11 New starters joining the Council

Employees new to the council and who are not Chief Officers will normally be appointed to the first point of the salary range for their grade. Where the candidate's current employment package would make the first point of the salary range unattractive (and this can be demonstrated by the applicant in relation to current earnings) or where the employee already operates at a level commensurate with a higher salary, a higher salary may be considered by the recruiting manager. This will be within the salary range for the grade. The candidate's level of skill and experience should be consistent with that of other employees in a similar position on the salary range.

Employees new to the council who are appointed to Chief/Deputy Chief Officer or posts outside of the salary and grading structure (see 4.3) will be paid a fixed salary for the post (see 5.1.1) within the appropriate band.

5.12 Apprenticeship Posts

The council employs apprentices through an approved Apprentice Framework. Apprentices are appointed onto the grade appropriate for the post.

6. Relationship between remuneration of “Chief Officers” and “employees who are not Chief Officers”

The Local Government Association has offered advice on the Government’s requirement in reporting remuneration relationships. The advice is that the measure of the relationship between Chief Officers and employees who are not Chief Officers be considered on the ratio between the highest paid employee and the median average earnings across the organisation as a multiple. This has been calculated as follows:

Mean calculation

Remuneration for the Chief Executive (excluding pension contributions)	£133,575
Mean average earnings for all employees at the Council (excluding pension contributions)	£30,794
Ratio	1:4.3

Ratio between the highest paid employee and the lowest paid employee

Remuneration for the Chief Executive (excluding pension contributions)	£133,575
Pay for the lowest paid employee at the Council (excluding pension contributions)	£18,199
Ratio	1:7.3

7. Review

The Localism Act 2011 requires relevant authorities to prepare a Pay Policy Statement for each subsequent financial year. East Hampshire District Council's annual statement is normally scheduled for approval by Full Council in advance of 1 April each year, unless there are exceptional circumstances.

If it should be necessary to amend this statement during this financial year, an appropriate resolution will be made by Full Council.