

## **Havant Borough Council Pay Policy Statement Financial Year 2017-18**

### **1. Purpose**

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

This pay policy statement sets out Havant Borough Council's policies relating to the pay of its workforce for the financial year 2017-18, 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. Definitions**

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

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

**2.2 "Chief Officer"** refers to roles within Havant Borough Council within the senior leadership team, which comprises Statutory and Non Statutory Chief Officer posts;

- Joint Chief Executive
- Executive Director
- Head of Service

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

Havant Borough Council has a partnership agreement with East Hampshire District Council. Shared posts are covered by the Inter Authority Agreement.

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

**2.4 “Employee who is not a Chief Officer”** refers to all staff who are not covered under the “Chief Officer” group above. This includes the “lowest paid employees” i.e. staff on grade A.

### **3. Pay framework and remuneration levels**

#### **3.1 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 has to be balanced by ensuring remuneration is not, nor is seen to be, unnecessarily excessive. Each Council has responsibility for balancing these factors and 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.

#### **3.2 Responsibility for decisions on remuneration**

It is essential for good governance that decisions on pay and reward packages for Chief Executives and 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.

Havant Borough Council’s pay framework was implemented in April 2007 in line with national guidance, with the grade for each role being determined by a consistent job evaluation process. This followed a national requirement for all Local Authorities, and a number of 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 Havant Borough Council determined a local pay framework reducing the overall number of grades to 12.

Pay awards are considered annually for staff. For those staff up to and including grade K the outcome of the national consultations by the Local Government Employers in negotiation with the Trades Unions is applied.

#### **3.3 Salary grades and grading framework**

Salary grades for staff who are not Chief Officers are determined in line with the NJC job evaluation scheme, with the grade for each role being determined by a consistent job evaluation process.

There are 12 grades (A-K) in the pay framework, grade A being the lowest and grade K the highest. Each employee will be on one of the 12 grades based on the job evaluation of their role. Grade A consists of one spinal column point. Grades B – E consist of 4 incremental steps. Grades F – K consist of 5 incremental steps. Employees can progress to the salary range

maximum of their grade subject to assessment of their performance in the appraisal performance process.

### **3.4 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. Reward linked directly to performance, enhanced employee benefits, market supplements and salaries based on benchmark data against similar professional roles in the public and private sector are considered as appropriate measures to attract and retain a skilled workforce.

## **4. Remuneration – level and element**

### **4.1 Salaries**

#### **4.1.1 “Chief Officers”**

Chief Officers are paid outside of the Council’s pay framework and salary payment is based upon assessed performance in the role.

This group of employees is paid a spot salary within a pay band which has been determined by taking into account the relative size and challenge of the role. Account has also been taken of other relevant available information, including the salaries of Chief Officers in other similar sized organisations.

Progression through the pay band for Chief Officers is determined by individual performance at the discretion of the Chief Executive. Performance related pay for each Chief Officer is normally reviewed annually, with exceptions where there is a sound business reason. Additional data may be gathered to inform decision making on pay progression, to recognise the variety of roles and professions within this group and market sensitivities.

All pay awards for this group are noted by Joint HR Committee.

#### **4.1.2 Joint Chief Executive**

The Joint Chief Executive is the Council’s Head of Paid Service. 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 taking into account benchmarking.

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.

#### **4.2 “Lowest paid employees”**

Each “lowest paid employee” is paid within the salary range for grade A.

#### **4.3 Other pay elements**

“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 Officers do not receive any incremental or step progression as they are on a spot salary which is reviewed on an annual basis by the Joint Chief Executive.

Where an incremental pay award is made to a non Chief Officer, performance will be taken into account when determining whether this is appropriate.

#### **4.4 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 Havant Borough 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, details of which can be provided on request.

An allowance is paid to the Returning Officer for Havant Borough Council in accordance with accepted national and regional scales and criteria.

Electoral duty payments are paid to all roles employed within the Elections team at Havant Borough Council. These are calculated in accordance with a formula approved annually by the Home Office and Electoral Claims Unit.

Further details on allowances and payments are available on request.

#### **4.5 Performance related pay**

High levels of performance are expected 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 employees achievement against those targets.

Where a member of staff is employed within the salary and grading framework set out in 3.3, following assessment of the employee's achievement against targets the reviewing manager will recommend a rating for each employee and this will be subject to consistency checks and once finalised will be taken into account in determining any salary progression on an incremental basis within the salary range or no progression.

Achieved performance: This will normally result in the progression of one incremental step, but will not take the salary above the salary range maximum. This rating is awarded to the majority of staff. If an employee is at top of the grade range there will be no further increase.

Improvement required: There is normally no step progression for anyone who does not meet the satisfactory levels of performance.

The staff recognition scheme offers a one off payment which may be awarded to staff 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.

Performance related payments for the Chief Officer group are referred to in 4.1.1.

#### **4.6 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.
- b) In addition there is a staff recognition scheme in place, under which a one-off payment may be awarded to a member of staff as a reward for going above and beyond in their role. A staff recognition panel awards payments.
- c) Staff members are entitled to access a range of voluntary benefits and discounts through a third party supplier.
- d) 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.

#### **4.7 Benefits in kind**

Car Loans are available to members of staff who are classed as Essential Users. Loan balances that are over £10,000 are considered a 'benefit in kind' as the Council charges employees a standard interest rate of 1% above the Bank of England base rate which is below the current HMRC interest rate of 3.25%. Employees pay income tax on the difference between the two interest rate figures.

#### **4.8 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.

#### **4.9 Severance Payments**

On ceasing to be employed by Havant Borough 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 compromise 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.

#### **4.10 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 Officer or posts outside of the salary and grading structure (see 3.3) will be paid a fixed salary for the post.

#### **4.11 Apprenticeship Posts**

The Council employs apprentices through an approved Apprentice Framework. Apprentices receive the statutory minimum wage in effect for their age as an hourly rate. Apprentices are paid outside of the salary and grading framework.

#### **5. Relationship between remuneration of “Chief Officers” and “employees who are not Chief Officers”**

The pay multiple based on the ratio between the highest paid employee and the mean average earnings across Havant Borough Council is 1: 4.7.

The pay multiple based on the ratio between the highest paid employee and the lowest paid employee across Havant Borough Council is 1: 8.39.

#### **6. Review**

The Localism Act 2011 requires relevant authorities to prepare a Pay Policy Statement for each subsequent financial year. Havant Borough 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.