



## **2. Contextual information**

2.1. "Chief Officer" is defined as Section 43 (2) of the Localism Act, and means each of the following:

- The Head of Paid Service
- The Monitoring Officer
- A Statutory Chief Officer
- A Non-Statutory Chief Officer
- A Deputy Chief Officer

2.2. Together with the Head of Paid Service, the terms "Statutory Chief Officer" and "Non-Statutory Chief Officer" include the County Council's current Corporate Management Team (CMT), and the Assistant Chief Executive.

2.3. The Statutory definition of "Deputy Chief Officer" is however much wider and goes beyond the County Council's local definition of how a Chief Officer post might be described, and includes not only Deputy Directors, but also Assistant Directors and Heads of Service, if reporting directly or are directly accountable to a member of CMT in respect of all or most of their duties.

2.4. Section 38 (3) of the Localism Act also requires that the County Council includes within its Pay Statement a definition of its "lowest paid" employees, and the County Council's reasons for adopting the definition. "Lowest paid" employees are defined at paragraph 5 of the Pay Statement to mean those members of staff employed at Grade A on the County Council's main pay framework.

2.5. Section 38 (4) of the Localism Act sets out a number of mandatory matters which must be included within a Pay Statement. These are:

- The level and elements of remuneration of each Chief Officer
- Remuneration of Chief Officers on appointment
- Increases and additions to remuneration for each Chief Officer
- The use of performance-related pay for Chief Officers
- The use of bonuses for Chief Officers
- The approach to the payment of Chief Officers on their ceasing to hold office under or to be employed by the County Council
- The publication of an access to information relating to the remuneration of Chief Officers.

2.6. There is discretion within the Localism Act for the County Council to also include within its Pay Statement, policies in respect of the remainder of its workforce. In the interests of openness and transparency, the County Council's Pay Policy in respect of employees who are not Chief Officers for the purposes of the Localism Act is set out at Section 1 of the Pay Statement.

### **3. Statutory Guidance**

- 3.1. Section 40 of the Localism Act required that in performing its functions under the Localism Act, the County Council must have regard to any guidance issued by the Secretary of State. Draft guidance has now been issued (“the Draft Guidance”). It is anticipated that whilst the guidance is currently in draft form, final guidance will be issued prior to this matter being considered by full Council.
- 3.2. Under the provisions of the Draft Guidance the County Council is required to explain in its Pay Statement, its policies in respect of the employment of ex-Chief Officers in receipt of a redundancy payment, including its policy towards the re-engagement of Chief Officers previously employed by the County Council, under a Contract for Services.
- 3.3. The Draft Guidance also recommends that full Council should be offered the opportunity to vote before a salary package of £100,000 or more is offered to any new Chief Officer appointee.

### **4. Commentary**

- 4.1. The draft Pay Statement attached to this report is divided into three parts. These are an opening generic introduction covering the requirements of the Localism Act and specifically the definition of ‘Chief Officers’, followed by two policy sections. Section 1 describes the position in respect of employees who are not Chief Officers within the meaning of the Localism Act, and whose remuneration is covered by the County Council’s main pay framework. Section 2 describes the position in respect of Chief Officers as defined by the Localism Act.
- 4.2. As indicated at paragraph 2.3 of this report, the Localism Act contains a wider definition than the traditional definition of ‘Chief Officer’. Given the differing scale, size and responsibilities of the respective Chief Officer posts, it is sensible from an organisational perspective to group Chief Officers into four categories as set out below, and referred to at paragraphs 25 – 28 of the Pay Statement. In doing so the Pay Statement makes better sense of the existing post holders paid at or beyond grade K on the main pay framework. These are:
  - 4.2.1 the Head of Paid Service
  - 4.2.2 Statutory Chief Officers and Non-Statutory Chief Officers (excluding the Assistant Chief Executive)
  - 4.2.3 Deputy Directors, and
  - 4.2.4 the Monitoring Officer, the Assistant Chief Executive, Assistant Directors and Heads of Service falling within the definition of ‘Chief Officer’.
- 4.3. Presently, certain posts of the County Council which are paid below grade K on the main pay framework, are technically caught within the wider definition of Chief Officers as a result of historic structural and reporting arrangements. Upon the implementation of CSR and the realignment of certain other posts in

service departments which result from legacy arrangements, no officer of the County Council below grade K will be caught by the wider Chief Officer definition. In this instance, the Pay Statement as drafted is future-proofed, as remuneration for the small number of posts affected by these historic arrangements is covered by Section 1 of the Pay Statement.

- 4.4. The County Council's Constitution requires that the salaries of Chief Officers on appointment outside the main pay framework require Chief Executive and EHCC Committee approval. For practical business reasons, and to remain in line with the Constitution, it is proposed that the EHCC Committee continue to exercise this responsibility with regard to all Chief Officer salaries outside the main pay framework, whether on appointment or otherwise. This point is covered at paragraph 24 of the Pay Statement.
- 4.5. In exercising these responsibilities, it is recognised that the EHCC Committee will be the responsible Committee for all Chief Officer appointments arising from the implementation of CSR and/or any appointments (joint or otherwise) arising from the formalisation of new shared services arrangements or legislative changes, e.g. the transfer of Public Health. In specific cases, salaries connected with future Chief Officer appointments will be in excess of £100,000. It is recommended again for practical business reasons that the County Council should agree that the EHCC Committee determine remuneration in respect of all future Chief Officer appointment arrangements in accordance with the policies set out in the Pay Statement.
- 4.6. It should be noted that the implementation of the Corporate Services Review (CSR) is happening between now and the 31<sup>st</sup> of July 2012. Cabinet at its meeting on the 24<sup>th</sup> of October agreed that the Chief Executive proceed with implementation which will be done within the terms and levels of pay set out in the attached Pay Policy.

## **5. Recommendations**

- 5.1. That the EHCC Committee recommend to the County Council approval of the Pay Policy Statement as set out in pages 7 to 14 of this report.
- 5.2. That in doing so, the EHCC Committee approves the categorisation of Chief Officers as set out at paragraph 4.2 of this report; and
- 5.3. That the EHCC Committee recommends to the County Council that it remains the appropriate Committee to agree Chief Officer remuneration, including individual salary offers for those above Grade K in respect of any new Chief Officer appointments, in accordance with the Pay Policy Statement.

**CORPORATE OR LEGAL INFORMATION:**

**Links to the Corporate Strategy**

**This proposal does not link to the Corporate Strategy but, nevertheless, requires a decision because of the requirements of the Localism Act 2011.**

**Section 100 D - Local Government Act 1972 - background documents**

**The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)**

Document

Location

None

**IMPACT ASSESSMENTS:**

**1. Equalities Impact Assessment:**

1.1. Equalities have been considered and no adverse impact identified.

**2. Impact on Crime and Disorder:**

2.1. The proposals will have no impact on crime and disorder.

**3. Climate Change:**

a) How does what is being proposed impact on our carbon footprint / energy consumption?

No impact has been identified.

b) How does what is being proposed consider the need to adapt to climate change, and be resilient to its longer term impacts?

No specific measures have been identified.

## **Hampshire County Council Pay Policy Statement Financial Year 2012-13**

1. The purpose of this Pay Policy Statement (“Pay Statement”) is to set out Hampshire County Council’s pay policies relating to its workforce for the financial year 2012-13, including the remuneration of its Chief Officers and that of its lowest paid employees.
2. The responsibility for functions and delegated authority in respect of the determination of the terms and conditions of staff employed by the County Council is detailed in the County Council’s Constitution; in particular, Part 2: Chapter 2 and Part 2: Chapter 4, and this pay policy is subject to those provisions.
3. With the exception of teaching staff and associated youth and school advisory roles where pay is governed by National consultation groups and apprentices on the National Minimum Wage, pay for all staff, including Chief Officers, is determined by the Employment in Hampshire County Council (“EHCC”) Committee. The EHCC Committee is proportionally constituted and comprises elected County Councillors from the main political parties, and has responsibility for locally determined terms and conditions of employment for staff.
4. For the purposes of this Pay Statement and in accordance with the Localism Act 2011 (“Localism Act”), staff employed by the County Council have been separated into two groups:-
  - (a) Employees who are not Chief Officers as defined by the Localism Act
  - (b) Chief Officers as defined by the Localism Act
5. An “employee who is not a Chief Officer” refers to all staff, who are not covered within the “Chief Officer” group as outlined below. This includes the “lowest paid employees”. In the context of the County Council, the “lowest paid employees” are those employed at grade A on the County Council’s pay framework. This is because grade A is the lowest grade on the County Council’s pay framework.
6. Section 43(2) of the Localism Act defines Chief Officers for the purposes of the Localism Act. Currently, the following roles within the County Council fall within the definition of “Chief Officers”:-
  - (a) Head of Paid Service (Chief Executive)
  - (b) Monitoring Officer
  - (c) Statutory Chief Officers (Section 151 Officer, Director of Children’s Services and Director of Adult Services)
  - (d) Non-Statutory Chief Officers (Director of Culture, Communities and Business Services, Director of Economy, Transport and Environment and Director of Human Resources)
  - (e) Other Non-Statutory Chief Officer (Assistant Chief Executive)

- (f) Deputy Chief Officers (Deputy Directors, Assistant Directors and Heads of Service if reporting directly or are directly accountable to a Statutory or Non-Statutory Chief Officer in respect of all or most of their duties).
- 7. It is however recognised that certain “Chief Officer” roles might change with the implementation of the Corporate Services Review (“CSR”), and this Pay Statement therefore also applies to any revised or future roles falling within the definition of “Chief Officer” arising from the CSR, Shared Services arrangements, or other legislative changes. New appointments to posts which fall within the definition of Chief Officers for the purposes of this Policy, including any such posts where the salary costs may be shared with other organisations, must be made in accordance within Standing Orders relating to the appointment of Chief Officers contained within the County Council’s Constitution.
- 8. It is also recognised that there are a number of other senior officer posts within the County Council paid below grade K on the County Council’s main pay framework as referred to at paragraph 15 of this Pay Statement which, because of current reporting arrangements, fall within the definition of ‘Chief Officer’ for the purposes of the Localism Act. This anomaly will be corrected in the implementation of CSR. In the meantime the County Council’s pay policy in respect of these posts is the same as employees who are not ‘Chief Officers’ as set out at Section 1 of this Pay Statement.

## **Section 1 - Employees who are not Chief Officers as defined by the Localism Act**

- 9. These staff are subject to the County Council's main pay framework. This 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, the County Council determined a local pay framework.
- 10. There are 11 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 11 grades based on the job evaluation of their role. Each grade consists of 5 steps, with the exception of grades A and B which consists of 3 steps. Employees can progress within the salary range of their grade, having regard to the County Council’s performance management arrangements.
- 11. All employees are paid within the salary range for their grade. Each “lowest paid employee” is paid within the salary range for grade A. All other employees are paid within the salary range for the grade of their role i.e. B-K. Details of the Council’s salary ranges are published on the County Council’s website, and a copy of those

salary ranges as at 1<sup>st</sup> April 2012 is attached at Appendix 1 to this Pay Statement.

12. Employees new to the County Council will normally be appointed to the first step of the salary range for their grade. Where the candidate's current employment package would make the first step of the salary range unattractive or where the employee already operates at a level commensurate with a higher salary, a different starting 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.
13. Employees' performance during the course of the year is reviewed within the County Council's performance management arrangements, and pay progression within the grade is subject to satisfactory performance.
14. Pay awards are considered annually for staff. For those staff up to and including grade G the outcome of the national consultations by the Local Government Employers in negotiation with the Trades Unions is applied. For staff at grade H and above the value of any pay award is determined by the EHCC Committee. Since the implementation of the County Council's pay framework, the EHCC Committee has applied the same percentage award determined nationally. There has been no annual pay award to any group of staff since April 2009.
15. There is no provision for bonus payments to any employees. There is however a Special Recognition Scheme, under which a one-off payment may be awarded to a member of staff as a reward for a particular piece of work or a substantial achievement above what is expected as part of their ordinary day-to-day work. The size of the award paid to an employee will be commensurate with the work being rewarded. All Special Recognition Scheme payments are subject to Chief Officer approval, are not consolidated into base salary and are funded from within existing budgets.
16. Allowances or other payments, for example shift working, may be made to staff in connection with their role or the patterns of hours they work in accordance with the County Council's collective agreement ("EHCC 2007") and subsequent amendments thereto, and other governance arrangements.
17. The County Council recognises that employees sometimes incur necessary expenditure in carrying out their responsibilities, for example travel costs. Employees will be reimbursed for reasonable expenses incurred on County Council business in accordance with the County Council's collective agreement ('EHCC 2007') and subsequent amendments.
18. Other than where required in order to carry out specific requirements of a role, for example the provision of accommodation for care workers required to live on site, there will be no benefits in kind payable to employees of the County Council

19. All employees as a result of their employment are eligible to join the Local Government Pension Scheme. Any increases or enhancement to individual pension entitlements would need to be agreed by EHCC Committee.
20. Redundancy payment arrangements will be based on the County Council's standard redundancy scheme. Presently, and in support of efficient organisational change and transformation linked to the need for efficiencies and expenditure reduction, the County Council is also operating a voluntary redundancy scheme approved by EHCC Committee. The voluntary redundancy scheme applies only to staff impacted by specific structural reviews. Details of both the standard redundancy scheme and the voluntary redundancy scheme are attached at Appendix 2 to this Pay Statement.
21. Except in exceptional business circumstances, no employee who has left the County Council under the terms of the standard redundancy scheme, the voluntary redundancy scheme or severance arrangement will be re-employed by the County Council in any capacity for a period of 12 months from the dismissal date. If re-employment is sought within 12 months of the termination date, approval is required from the relevant Chief Officer, Director of Human Resources and the Section 151 Officer. In addition, if the ex-employee was previously employed at grade H and above and / or is seeking re-employment at grade H and above, Chief Executive approval is also required.
22. Except in exceptional business circumstances, no employee who has left the County Council under the terms of the standard redundancy scheme, or the voluntary redundancy scheme, will be re-engaged by the County Council under a contract for services within 12 months of the dismissal date. In this case the authorisation requirements set out at paragraph 20 of this Pay Statement in respect of re-engagement of ex employees will apply.

## **Section 2 - Chief Officers as defined by the Localism Act 2011**

23. Chief Officers are paid either within the County Council's main pay framework, or "spot" salaries. Salaries of Chief Officers on appointment have regard to the relative size and challenge of the role compared to other Chief Officer roles within the County Council and follows the same principles operated within the main pay framework. Account is also taken of other relevant available information, including the salaries of Chief Officers in other similar sized organisations.
24. The Constitution requires that salaries of Chief Officers on appointment outside the main pay framework require Chief Executive and EHCC Committee approval. The EHCC Committee will continue to exercise responsibility for all Chief Officer salaries outside the main pay framework, whether on appointment or otherwise. Chief Officer salaries fall within 4 categories as outlined below. It is not anticipated that

pay will be outside of these categories, when the Corporate Services Review is implemented.

25. The Head of Paid Service is paid a salary of £207,400.
26. Statutory Chief Officers and Non-Statutory Chief Officers (excluding the Assistant Chief Executive) are paid a salary within the range of £124,500 - £167,800.
27. Deputy Directors are paid a salary within the range of £99,000 - £122,700.
28. The Monitoring Officer, the Assistant Chief Executive, Assistant Chief Officers and Heads of Service falling within the definition of "Chief Officer" are paid a salary within the range £73,700 - £110,000.
29. The annual pay review for Chief Officers paid outside the main pay framework is considered by the EHCC Committee each year, alongside recommendations for staff paid between grades H and K in accordance with paragraph 14 of this Pay Statement. Likewise to support the annual review of salaries of these Chief Officers, information may be provided on inflation, earnings growth, and any significant considerations from elsewhere in the public sector.
30. Typically, these Chief Officers have received the same percentage pay award as other managers and staff groups within the County Council. In each year since implementation of the new pay framework, EHCC Committee has applied the same percentage award determined nationally for other grades of employees within the County Council. These Chief Officers are subject to the same performance management arrangements as detailed for employees who are not Chief Officers. Chief Officers paid outside the main pay framework do not receive incremental pay progression. In years where a pay award is available, performance will be taken into account when determining whether any award will be made.
31. Within the above Chief Officer categories any increase to the remuneration of Chief Officers outside the annual review process, for example as a consequence of increased responsibilities arising from the formalisation or implementation of new shared services arrangements, requires Chief Executive and EHCC Committee approval.
32. There is no provision for bonus payments to Chief Officers. The Special Recognition Scheme referred to at paragraph 15 of this Pay Statement is however also applicable to Chief Officers. Any proposed Special Recognition Payment in respect of CMT is subject to ratification by EHCC.
33. No other charges, fees or allowances or remuneration are payable to Chief Officers in connection with their responsibilities. No fees for election duties are included in Chief Officer salaries, nor are any additional fees payable for such responsibilities.

34. The County Council recognises that Chief Officers sometimes incur necessary expenditure in carrying out their responsibilities e.g. travel costs. Chief Officers will be reimbursed for reasonable expenses incurred on County Council business in accordance with the County Council's collective agreement (EHCC 2007) and subsequent amendments.
35. There are no benefits in kind, such as private health insurance, payable to Chief Officers.
36. Chief Officers as a result of their employment are eligible to join the Local Government Pension Scheme in the same way as other employees. Any increase or enhancement to pension entitlements of Chief Officers would need to be agreed by EHCC Committee.
37. Chief Officers are subject to the same redundancy payment arrangements as other staff as outlined in paragraph 20 of this Pay Statement.
38. Chief Officers, who have left the County Council under the terms of the standard redundancy scheme or the voluntary redundancy scheme are subject to the same policy on re-engagement by the County Council outlined at paragraph 21 of this Pay Statement as other employees.
39. Except in exceptional business circumstances, no Chief Officer who has left the County Council under the terms of the standard redundancy scheme, the voluntary redundancy scheme or severance arrangement, will be re-engaged by the County Council under a contract for services within 12 months of the termination date. In this case the authorisation requirements set out at paragraph 22 of this Pay Statement in respect of re-engagement of ex-employees will apply.
40. Details of Chief Officer remuneration have been published annually since 2010 as an extract from the County Council's Statement of accounts and according to accountancy standards, as soon after the end of the relevant financial year as is reasonably practical. With respect to the financial year 2011/12, it is envisaged that the extract will be published as open data in July 2012. At that time the County Council will also update the publication of its pay multiple, that is the ratio between the highest paid employee and the mean average earnings across the organisation, based on base pay.

## Pay Policy Statement Appendix 1

**Hampshire County Council's EHCC 2007 Pay Framework****Salary Ranges – From 1 April 2012**

Grade	Step 1	Step 2	Step 3	Step 4	Step 5
<b>A</b>	12,489	12,837	13,221	-	-
<b>B</b>	14,136	14,553	14,991	-	-
<b>C</b>	15,138	15,588	16,056	16,539	17,034
<b>D</b>	18,846	19,413	19,995	20,595	21,213
<b>E</b>	23,343	24,048	24,768	25,512	26,277
<b>F</b>	29,895	30,792	31,716	32,667	33,648
<b>G</b>	36,921	38,025	39,165	40,341	41,550
<b>H</b>	43,035	44,328	45,657	47,028	48,438
<b>I</b>	50,676	52,194	53,760	55,374	57,036
<b>J</b>	63,738	65,652	67,623	69,651	71,742
<b>K</b>	73,794	76,005	78,285	80,634	83,052

**Note:**

Salary ranges for Grades A–G are subject to the outcome of national pay negotiations.

All of the above salary ranges have applied since April 2009.

Pay Policy Statement Appendix 2

Hampshire County Council

Standard and Voluntary Redundancy Schemes

Payments Based on Actual Weekly Pay

<b>Current Age Groupings</b>	<b>Standard Redundancy Scheme (Weeks per year of service)</b>	<b>Voluntary Redundancy Scheme (Weeks per year of service)</b>
Service accrued up to and inc. 21	0.5	1.0
Service accrued between 22-40	1.0	2.0
Service accrued age 41 and above	1.5	3.0
Max Number of Weeks	30	40