

## HAMPSHIRE COUNTY COUNCIL

### Decision Report

<b>Decision Maker:</b>	Employment in Hampshire County Council
<b>Date of Decision:</b>	9 November 2011
<b>Decision Title:</b>	Governance Arrangements For Pay - Approach and Processes
<b>Decision Reference:</b>	3417
<b>Report From:</b>	Director of Human Resources

**Contact name:** Jill Slater

**Tel:** 01962 813843

**Email:** jill.slater @hants.gov.uk

#### 1. Executive Summary

- 1.1 At the last meeting of this Committee, in July, members requested benchmarking information from comparator authorities regarding the approach and processes applied in deciding the remuneration of Chief Officers (C.O.).
- 1.2 This paper provides information on the approach applied in the following authorities: -
- East Sussex County Council
  - Essex County Council
  - Hertfordshire County Council
  - Kent County Council
  - Lancashire County Council
  - Surrey County Council
  - West Sussex County Council

#### 2. Contextual information

- 2.1 At Hampshire County Council (HCC), with the exception of teaching staff and associated youth and school advisory roles, pay for all staff is governed by the EHCC Committee in line with the Council's Pay Policy statement agreed at the last meeting – see **appendix 1**.

#### 3. Other comparator authorities

- 3.1 **Appendix 2** provides details of the approach and processes applied in determining the remuneration of Chief Officers (C.O's) in comparator authorities, a summary of which is provided below.

### **3.2 Governance**

- 3.2.1 All the comparator authorities have a cross member committee which makes decisions on pay, in a similar way to HCC. For five of the Council's this includes both pay on appointment and pay progression. In the other Council's one committee only determines pay on appointment, the other only determines pay progression.
- 3.2.2 Like HCC, there are no independent advisors sitting on these committees, although in context of the Hutton report on senior pay a few Council's expressed that this may become a future requirement.

### **3.3 Annual review**

- 3.3.1 At HCC C.O.'s are paid on spot salaries with no progression. Pay is considered annually by EHCC although no award has been made since 2009.
- 3.3.2 In five out of the seven comparator authorities pay progression based on performance is determined annually. However, no payments have been made under these schemes in recent years.
- 3.3.3 In the two other authorities progression is via annual increments. However, in context of current pay constraints increments have only continued to be applied in one of the authorities in recent years.
- 3.3.4 Cost of living awards are available in all but one authority. However, again no payments have been made in recent years.

### **3.4 Benchmarking**

- 3.4.1 The pay levels in all the comparator authorities have regard to Hay benchmark data.
- 3.4.2 In four of the authorities there are two C.O. grades below the Chief Executive. In two of the other authorities there is only one C.O. grade below the Chief Executive.
- 3.4.3 In a similar way to HCC, five of the authorities benchmarking typically has regard to relative size and challenge of role compared with other C.O. roles within the Council. Account is also taken of salaries in other similar sized authorities.
- 3.4.4 Hay has recently evaluated the senior roles in the two other authorities with the outcomes implemented in April 2011. It has not yet been clarified how future benchmarking will be conducted in these two authorities.

### **3.5 Hutton review of fair pay in the public sector**

- 3.5.1 The government response to the Hutton report on senior public service pay, which had been expected in July, has not yet been forthcoming.

- 3.5.2 The main recommendations of the Hutton report on senior public service pay suggested consideration be given to: -
- Performance schemes - focusing on SMART targets, longer term outputs, and general direction of travel
  - Pay framework at the top - to deliver a pay at risk element
  - Transparency/publication of information
  - Governance arrangements
- 3.5.3 The Joint Negotiating Committee for Local Authority Chief Executives has set up a working group to produce joint guidance on best practice in setting, monitoring and reporting on reward packages for senior officers in local government. The group aim is to issue the guidance in October.

#### **4. Conclusions**

- 4.1 Given the recent changes to the Hampshire County Council's constitution and the amendments to the role of EHCC as part of this, the benchmarking exercise appears to show that HCC's approach to the management and governance of senior management remuneration is within the scope of normal practice when compared to other County Councils.
- 4.2 Like these local authorities a further review will be undertaken in light of any final guidance being published as a result of the recommendations emerging from the Hutton report.

#### **5. Recommendations**

- 5.1 EHCC Committee are asked to note the findings in this report.

## **Appendix 1 - County Council Pay Policy Statement**

With the exception of teaching staff and associated youth and school advisory roles where pay is governed by National consultation groups, pay for all staff is determined by the [Employment in Hampshire County Council \(EHCC\) Committee](#). The EHCC Committee comprises elected County Councillors from the main political parties and has responsibility for local terms and conditions of employment for staff within the County Council's pay framework.

The County 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 the County Council determined a local pay framework reducing the overall number of grades to eleven.

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 Trade Unions is applied.

For senior managers at or above grade H the value of any pay award is determined by the EHCC Committee.

With respect to Chief Officers pay, which also comes under the remit of the EHCC Committee, salary on appointment has regard to the relative size and challenge of the role compared with other Chief Officer roles within the County Council.

Account is also taken of other relevant available information, including the salaries of Chief Officers in other similar sized County Councils.

The annual pay review for Chief Officers is considered by the EHCC Committee each year alongside recommendations for senior managers. To support the annual review, information may be provided on inflation, earnings growth and any significant considerations from elsewhere in the public sector.

Typically, Chief Officers have received the same percentage pay award as other managers and staff groups within the Council and in each year since implementation of the new pay framework, the EHCC Committee has applied the same percentage award determined nationally for other grades of Local Government employees within the County Council.

**There has been no annual pay award to any group of staff since April 2009.**

**CORPORATE OR LEGAL INFORMATION:**

**Links to the Corporate Strategy**

This proposal does not link to the Corporate Strategy but the information has been requested by the EHCC Committee.

**Other Significant Links:**

<b>Links to previous Member decisions:</b>		
<u>Title</u>	<u>Reference</u>	<u>Date</u>
Hampshire County Council Pay Policy	3119	20 July 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.)

<u>Document</u>	<u>Location</u>
None	

**IMPACT ASSESSMENTS:**

1. Equalities Impact Assessment – N/A
2. Impact on Crime and Disorder – N/A
3. Climate Change:
  - a) How does what is being proposed impact on our carbon footprint / energy consumption? N/A
  - b) How does what is being proposed consider the need to adapt to climate change, and be resilient to its longer term impacts? N/A