

HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	Employment in Hampshire County Council Committee
Date:	16 July 2012
Title:	Hampshire County Council Pay Policy Statement - Protocol for determination of Chief Officer salaries above Grade K other than Corporate Management Team
Reference:	4121
Report From:	Chief Executive

Contact name: Paul Archer
Barbara Beardwell

Tel: 01962 846124
01962 845157

Email: paul.archer@hants.gov.uk
barbara.beardwell@hants.gov.uk

1. Executive Summary

- 1.1. By virtue of Section 38 of the Localism Act 2011, the County Council is required to prepare a Pay Policy Statement ('Pay Statement') for the financial year 2012 - 2013, and each subsequent financial year in respect of (inter alia) the County Council's policies regarding the remuneration of Chief Officers. The current Pay Statement for the financial year 2012 - 2013 was approved by the County Council on 23 February 2012. A copy of the current Pay Statement is attached at Annex 2 to this report for ease of reference. Categories of Chief Officer salaries are referred to at Paragraphs 25 – 28 of the Pay Policy Statement.
- 1.2. In approving the Pay Statement, the County Council also agreed that the Employment in Hampshire County Council Committee ('EHCC') should remain the appropriate committee of the County Council to agree Chief Officer remuneration, including individual salary offers for those above Grade K on the County Council's Main Pay Framework ('Main Pay Framework').
- 1.3. The Protocol attached at Annex 1 to this report, sets out how Chief Officer salaries above Grade K should be determined (other than Corporate Management Team (CMT) Officers), and should be read in conjunction with the relevant Pay Statement of the County Council.

2. Contextual information

- 2.1. Chief Officer is defined at Section 43 (2) of the Localism Act, and for the purposes of this Protocol currently means each of the following:

- 2.1.1 The Head of Paid Service (Chief Executive)
 - 2.1.2 Statutory Chief Officers and Non-Statutory Chief Officers (excluding the Assistant Chief Executive)
 - 2.1.3 Deputy Directors
 - 2.1.4 The Monitoring Officer, the Assistant Chief Executive, Assistant Chief Officers and Heads of Service if reporting directly to, or directly accountable to a Chief Officer.
- 2.2. The statutory definition of 'Chief Officer' is quite wide, and includes any officer who, in respect of all or most of their duties, reports directly or is directly accountable to a CMT Officer.
- 2.3. Currently, CMT comprises the Head of the Paid Service (Chief Executive) and all Statutory Chief Officers and Non-Statutory Chief Officers.

3. Pay Arrangements for Chief Officers other than CMT Officers

- 3.1. Salaries of Chief Officers are defined in the Pay Statement.
- 3.2. All Chief Officers falling within paragraph 2.1.3 are paid a spot salary.
- 3.3. As far as those Chief Officers falling within paragraph 2.1.4 are concerned, most posts have role evaluations within grade K of the Main Pay Framework. The current salary range of Grade K is £73,794 to £83,052 per annum. However in certain cases, spot salaries have been approved above grade K for specific reasons, mainly related to market salaries, on an individual basis.

4. Protocol for determination of Chief Officer Salaries above Grade K other than CMT Officers

- 4.1. The Protocol attached at Annex 1, allows for the determination of remuneration of Chief Officer posts above Grade K other than CMT Officers, which will be dealt with separately and referred to EHCC on a case by case basis as and when the need arises.
- 4.2. The Protocol recognises that, in addition to Chief Officer appointments other than CMT Officers that the County Council might need to make in carrying out its regular business activities, changes to certain 'Chief Officer' roles, other than CMT Officers, with a consequential adjustment of salary (up or down) might arise with the implementation of the Corporate Services Review ('CSR') or otherwise.
- 4.3. Also, in consequence of CSR, legislative changes affecting the County Council's responsibilities, or other factors, new appointments to posts falling within the definition of 'Chief Officer' for the purposes of the Localism Act, other than CMT Officers, might need to be made, including posts where the salary costs may be shared with other organisations.
- 4.4. Member Appointment Panels will retain responsibility for selection of all Chief Officers. This Protocol allows for details of salaries of Chief Officers above Grade K, other than CMT Officers, to be concluded following selection by a

Member Appointment Panel by the Chief Executive, in consultation with the Chairman of EHCC where required.

5. Recommendations

- 5.1. That the EHCC Committee approve the Protocol for determination of Chief Officer salaries above Grade K of the Main Pay Framework other than CMT Officers.
- 5.2. That the EHCC Committee delegate authority to the Chief Executive, in consultation with the Chairman of EHCC, where required under this Protocol, to conclude Chief Officer salaries or changes in existing salary arrangements, other than CMT Officers, in accordance with the Protocol and the relevant Pay Statement.
- 5.3. That the Chief Executive be required to report the outcome of Chief Officer salaries on appointments or changes to existing salary arrangements, other than CMT Officers, in accordance with the Protocol and the relevant Pay Statement, to the next appropriate EHCC meeting.

CORPORATE OR LEGAL INFORMATION:

This proposal does not link to the Corporate Strategy but, nevertheless, requires a decision because of the requirements of the Localism Act 2011 and for the good governance of the County Council

Other Significant Links

Links to previous Member decisions:		
<u>Title</u>	<u>Reference</u>	<u>Date</u>
Hampshire County Council Pay Policy Statement for Financial Year 2012 – 13	232	23 February 2012
Direct links to specific legislation or Government Directives		
<u>Title</u>	<u>Date</u>	
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.)

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

IMPACT ASSESSMENTS:**1. Equalities Impact Assessment:**

1.1. N/A

2. Impact on Crime and Disorder:

2.1. 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

Protocol for determination of Chief Officer Salaries above Grade K of the County Council's Main Pay Framework other than CMT

1. This Protocol sets out the procedure to be followed in respect of the determination of salary of all Chief Officer appointments above Grade K, and should be read in conjunction with the relevant Pay Policy Statement for the year in question.

2. The procedure for Chief Officer appointments themselves is laid down in the Constitution, and for the avoidance of doubt is unaffected by this Protocol.

3. Likewise, and for the avoidance of doubt, this Protocol shall not apply to the determination of the salaries of Corporate Management Team (CMT) Officers

4. For the purposes of this Protocol a CMT Officer shall mean the Head of Paid Service (Chief Executive), Statutory Chief Officers and Non-Statutory Chief Officers.

5. Where the Chief Executive considers it necessary for the efficient and effective operation of the County Council's business, to:

(i) commence a recruitment process for a new Chief Officer role (other than a CMT Officer) , or replace an existing Chief Officer role (other than a CMT Officer), or

(ii) affect a change to an existing Chief Officer role (other than a CMT Officer) to reflect a change in responsibilities,

the Chief Executive shall before doing so seek the approval of the Employment in Hampshire County Council Committee ('EHCC') to the salary element of the proposal.

6. In seeking the approval of EHCC, the Chief Executive shall indicate the category within the relevant County Council's Pay Policy Statement, and appropriate lower and upper limits within such category, that he considers the post will fall within.

7. Subject to the approval of EHCC to the proposal, the Chief Executive will be responsible for concluding the spot salary of any such appointment, or change to existing salary arrangements, within the approved pay category and approved lower and upper limits of such category. The actual spot salary will reflect where appropriate, a HAY evaluation, market forces testing and/or any other relevant factors.

8. Where it is not possible in any particular case, for good business reasons, to conclude salary arrangements within the delegated authority at paragraph 7 of this Protocol, then the Chief Executive is authorised to conclude appropriate salary arrangements in consultation with the Chairman of EHCC, provided that any such arrangements shall, in no case, exceed the approved pay category within which the post falls.

9. Upon the conclusion of an appointment or change to existing salary arrangements in accordance with 7 and 8 above, the Chief Executive will report the outcome of such appointment or change to existing salary arrangements to the next appropriate EHCC meeting.

10. For the avoidance of doubt, all Chief Officers (above Grade K) are paid spot salaries. Any subsequent changes to salaries, aside from the annual pay review, shall be subject to the procedure outlined in this Protocol.

Hampshire County Council Pay Policy Statement Financial Year 2012-13 (Final)

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 1st 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. No Chief Officer, as defined at paragraphs 25-28 of this Payment Statement, will be employed by the County Council on terms and conditions which allow such an officer to be an employee of the County Council whilst operating in practice as a limited company for taxation reasons.
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 median 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
A	12,489	12,837	13,221	-	-
B	14,136	14,553	14,991	-	-
C	15,138	15,588	16,056	16,539	17,034
D	18,846	19,413	19,995	20,595	21,213
E	23,343	24,048	24,768	25,512	26,277
F	29,895	30,792	31,716	32,667	33,648
G	36,921	38,025	39,165	40,341	41,550
H	43,035	44,328	45,657	47,028	48,438
I	50,676	52,194	53,760	55,374	57,036
J	63,738	65,652	67,623	69,651	71,742
K	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

Current Age Groupings	Standard Redundancy Scheme (Weeks per year of service)	Voluntary Redundancy Scheme (Weeks per year of service)
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