

FAREHAM BOROUGH COUNCIL PAY POLICY STATEMENT FINANCIAL YEAR 2016 - 17

1. Purpose

The purpose of this Pay Policy Statement (“Pay Statement”) is provided in accordance with the Localism Act 2011 (“Localism Act”) and this will be updated in each subsequent financial year.

This Pay Statement sets out Fareham Borough Council’s pay policies relating to its workforce for the financial year 2017-18, including the remuneration of its Chief Officers, lowest paid employees and the relationship between its Chief Officers and that of its employees who are not Chief Officers.

2. Definitions

For the purpose of this Pay Statement the following definitions apply:

2.1 “Pay” in addition to base salary includes charges, fees, allowances, benefits in kind, increases in/enhancements to pension entitlements and termination payments.

2.2 “Chief Officers” refers to the following roles within the Council:

Statutory Chief Officers are:

- a) Chief Executive Officer, as Head of Paid Service
- b) Director of Operations, as Monitoring Officer
- c) Director of Finance & Resources, as Section 151 Officer

Non Statutory Chief Officers are:

- d) Director of Planning & Regulation

Deputy Chief Officers are:

- f) Heads of Service who report directly to/or accountable to a statutory or non-statutory Chief Officer in respect of all or most of their duties.

2.3 “Lowest paid employees” refers to those employees employed within Grade1 of the Council’s mainstream pay structure. This definition has been adopted because Grade1 is the lowest grade on the Council’s mainstream pay structure.

2.4 “Employee who is not a Chief Officer” refers to all employees who are not covered under the “Chief Officer” group above. This includes the “lowest paid employees”. i.e. employees on Grade1.

3. Pay Framework and remuneration levels

3.1 General approach

The pay structure and pay scales have been designed to enable the Council to recruit and retain suitably qualified employees at all levels who are dedicated to fulfilling its corporate objectives and delivering services to the public whilst operating within an acceptable financial framework.

With a diverse workforce the Council recognises that its Pay Policy needs to retain sufficient flexibility to cope with a variety of circumstances that may arise that might necessitate the use of market supplements or other such mechanisms for individual categories of posts where appropriate. The decision to apply a market premium will be approved by the Head of Personnel and ICT and endorsed by the Chief Executive Officer.

The Chief Executive Officer, as Head of Paid Service, has delegated power to update the pay policy in line with establishment changes

3.2 Responsibility for decisions on pay structures.

The outcome of reviews into the local pay and grading structures covering all jobs are submitted to a meeting of Full Council for approval.

The Council's locally determined pay structures are based on the outcome of a job evaluated process and were implemented for the Chief Officers, Heads of Service and all other employees in April 2008. This followed a national requirement for all Local Authorities to review their pay and grading frameworks to ensure fair and consistent practice for different groups of workers with the same employer to comply with employment legislation.

The pay structure for the Chief Executive Officer was established in 2008 having regard to the need to be fully competitive in the market and to be confident of attracting and retaining the highest calibre of employee to reflect the high level of organisational and corporate performance which the Council requires its Chief Executive Officer to deliver. Relevant labour market and comparative remuneration data was considered. This was reviewed in 2013.

3.3 Pay scales and grading framework

With effect from 1 April 2016 the National Living Wage(NLW) came into force which guaranteed those aged 25 and over a minimum hourly rate of £7.20, furthermore it is anticipated that the minimum will rise to around £9 per hour by 2020. As a result of this Fareham's local scale points 1 and 2 would have been below the NLW and have been removed from the pay scales.

The impact of these changes on Fareham's pay scales will be kept under review. Further changes to the pay scales are anticipated but these are not likely to take place until 1 April 2018 and will be reported to members accordingly.

The National Minimum Wage still applies to those under 25 but Fareham's pay scales are not aged biased.

The mainstream pay structure for all employees below the level of Heads of Service was determined through a local process based on the outcome of a job evaluation scheme. The pay structure from 1 April 2016 consists of a pay spine of 44 points, comprising 11 grades containing 5 spinal column points with the exception of grade 1. Grade 1 is the lowest grade and 11 the highest. Each employee will be on one of the 11 grades based on their job evaluated role.

The Chief Executive's pay grade reflects the same principles as for all of the Council's pay structures consisting of 5 spinal column points.

The pay structure for Chief Officers and Heads of Service was determined through a local process that took into account market alignment with District Councils in Hampshire and the outcome of a job evaluated process. It followed the same principles as applied for the mainstream pay structure and consists of one pay grade for Chief Officers and three pay grades for Heads of Service with all grades containing 5 points.

Details of the Council's pay structures are published on the Council's website and a copy as at 1st April 2016 is appended to this Statement (at annex 1).

Pay awards are considered annually for all employees. The outcome of national consultations by the Local Government Employers in negotiation with the Trade Unions in relation to the settlement of the annual pay award is normally applied. With effect from April 2016 a 2 year pay deal was agreed taking the pay award through to 31 March 2018.

If there is an occasion where the Council believes that the National Pay Settlement would distort the local pay structures alternative proposals will be developed, discussed with the trade unions and brought to Elected Members for formal approval.

4. Remuneration – level and element

4.1 Salaries

4.1.1 "Chief Officers" are identified at **2.2** above and constitute the Council's Corporate Management Team. They are all paid within the Council's pay structures as follows:

- a) Chief Executive Officer, as Head of Paid Service will be paid a salary within the grade range £109,080 to £126,250.
- b) Statutory and Non-Statutory Chief Officers will be paid a salary within the grade range £77,398 to £88,895.

4.1.2 "Deputy Chief Officers" who are Heads of Service are all paid within the Council's pay structures as follows:

- c) Heads of Service will be paid a salary within grades ranges £51,259 to £77,398.

Typically these Chief Officers and Heads of Service have received the same percentage pay award as for all other employees.

Details of Chief Officer and Heads of Service remuneration have been published since 2010 on the Council's website.

4.2 “Lowest paid employees”

Each lowest paid employee will be paid a salary within the pay scales for Grade1 mindful of the need to meet the National Living Wage requirements.

A very detailed review of pay and grading was undertaken on this topic along with other parts of the grading structure and the review and recommendations were reported to Full Council in December 2014.

4.3 Bonuses and Performance related pay

There is no provision for bonus payments or performance related pay awards to any level of employee.

There is, however, an honorarium provision which may be awarded where an employee performs duties outside the scope of their post over an extended period or where the additional duties and responsibilities involved are exceptionally onerous. All such payments are subject to approval by a Chief Officer (Director) and the Head of Personnel and ICT.

4.4 Other pay elements

The pay structure for Chief Officers does not take account of the clearly defined additional responsibilities in respect of the Section 151 and Monitoring Officer roles. Officers undertaking these roles receive payment equivalent to two spinal column points based on the incremental pay progression from the penultimate to maximum point of the pay grade for Chief Officers.

Provision for the recognition of the role of acting Head of Paid Service exists within the Chief Officers pay structure for up to two spinal column points on the same payment principle as for the Section 151 and Monitoring Officers.

These pay arrangements allow for flexibility in the allocation of the additional roles to Chief Officers and for the responsibilities to be rotated.

4.5 Charges, fees or allowances

Allowances or other payments, for example shift working, standby, etc. may be made to employees, below the level of Chief Officer, in connection with their role or the pattern of hours they work in accordance with National or Local collective agreements.

The Council recognises that some employees incur necessary expenditure in carrying out their responsibilities, for example travel costs. Reimbursement for reasonable expenses incurred on Council business are paid in accordance with the Council's collective agreement and subsequent amendments to it.

The Chief Executive Officer has been appointed as the Council's Returning Officer for elections and he has appointed the Head of Democratic Services, the Head of Corporate Services and the Director of Finance and Resources as his Deputy Returning Officers. For performing elections duties the Returning Officer and Deputies receive a fee payable according to a scale of costs, charges and expenses set by the Hampshire and Isle of Wight Election Fees Working Party and allowed under the Local Government Act 1972.

The Chief Executive Officer and Chief Officers are entitled to receive payment for one subscription to a relevant professional body.

4.6 Benefits in kind

Benefits in kind are benefits which employees receive from their employer during their employment which are not included as part of their salary. Fareham has a computing scheme and car leasing scheme that employees have a choice to sign up for in lieu of salary. These benefits are reportable to HMRC and taxed accordingly. Since the introduction of these schemes there has been a Government review of all salary sacrifice schemes and as a result of this a review of Fareham's scheme is under way pending the outcome of the consultation by the government.

4.7 Pension

All employees as a result of their employment are eligible to join the Local Government Pension Scheme(LGPS).

4.8 Severance payments

The Council already publishes its policy on discretionary payments on early termination of employment and flexible retirement as well as publishing its policy on increasing an employee's total pension. These policies are applied in support of efficient organisational change and transformation linked to the need for efficiencies and expenditure reduction.

Details of the Council's policies are published on the Council's website.

No employee who has left the Council in receipt of a redundancy or severance package will be re-employed by the Council, in any capacity, unless there are exceptional business circumstances in which case approval is required from the Chief Executive Officer.

The government has indicated that it will enforce a cap on exit payments of £95,000 with the likely implementation date to be early 2017 following further consultation in the autumn of 2016.

4.9 New starters joining the Council

Employees new to the Council will normally be appointed to the first point of the salary scale for their grade. Where the candidate's current employment package would make the first point of the salary scale 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 different starting salary point within the grade may be considered by the recruiting manager in consultation with Personnel Services. The candidate's level of skill and experience should be consistent with that of other employees in a similar position on the salary scale within the grade.

5. Relationship between remuneration of "Chief Officers" and "employees who are not Chief Officers".

This relates to the ratio of the Council's highest paid employee (falling within the definition of "Chief Officers") and the mean average earnings across the whole workforce as a pay multiple. By definition, the Council's highest paid employee is the Chief Executive Officer. The mean average pay has been calculated on all taxable earnings for the financial year 2016-17, including base salary, allowances, etc.

Highest paid employee	£126,250
Mean average earnings for remainder of workforce	£25,765
Ratio	4.90

**Fareham Borough Council
Local Pay Scales as at 01/04/2016**

Chief Executive

Spinal Column Point		Annual
5	1	126,250
4		121,958
3		117,665
2		113,373
1		109,080

Directors (Grade & Salary scale)

Spinal Column Point		Annual
5	1	88,895
4		85,783
3		82,781
2		79,883
1		77,398

Senior Management (Grades & Salary scales)

Spinal Column Point			Annual
5		1	77,398
4			75,202
3			73,019
2			70,549
1			68,164
5		2	68,164
4			65,778
3			63,476
2			61,254
1			59,111
5	3		59,111
4			57,042
3			55,045
2			53,119
1			51,259

Mainstream (Grades and Salary scales)

Spinal column point			From 1 April 2016	Spinal column point	JE points range
46		11	50794	46	
45			49674	45	
44			48582	44	
43			47516	43	
42		10	46463	42	LG11 700+
41			45898	41	
40			44782	40	
39		9	43689	39	
38			42607	38	
37			41583	37	
36		8	40469	36	
35			39393	35	
34		7	38335	34	LG9 586 – 621
33			37308	33	
32			36218	32	
31		6	35169	31	
30			34142	30	
29			33153	29	
28		5	32185	28	
27			31242	27	
26		4	30330	26	LG7 497 –542
25			29455	25	
24			28597	24	
23		3	27764	23	
22			26954	22	
21		2	26172	21	LG6 430 – 496
20			25345	20	
19			24545	19	
18		1	23774	18	LG5 386 – 429
17			23026	17	
16			22245	16	
15		3	21493	15	
14			20770	14	
13		2	20061	13	LG4 338 – 385
12			19388	12	
11			18735	11	
10		1	18097	10	
9			17494	9	
8		1	16889	8	LG3 280 – 337
7			16287	7	
6			15794	6	
5		1	15269	5	LG2 246 – 279
4			14965	4	
3		1	14726	3	