

**Report to  
Council**

**Date**            **10 October 2013**

**Report of:**     **Head of Personnel and Development**

**Subject:**       **SENIOR MANAGEMENT - TERMS AND CONDITIONS**

**NOT FOR PUBLICATION by virtue of Paragraph 1 of Part 1 of Schedule 12A of the Local Government Act 1972.**

**SUMMARY**

This report proposes changes to some of the terms and conditions for the senior management team of Fareham Borough Council. It includes proposals to award a 1% pay increase to senior managers, in line with the rest of the Council's workforce; to change terms and conditions enabling all employees to claim mileage when on Council business; and to change the salary range of the Chief Executive Officer in accordance with the recommendations of an independent review.

**RECOMMENDATIONS**

That the Council approves:

- (a) that employees on Joint Negotiating Committee (JNC) conditions be awarded a 1% pay increase for 2013/14 in line with all other employees on National Joint Council (NJC) conditions;
- (b) that employees on JNC conditions be entitled to claim business mileage at the same rate as those employees on NJC conditions with effect from 1 October 2013;

- (c) that having taken account of the independent review, the Chief Executive Officer's salary range be approved as set out in paragraph 50 of the report at Appendix B with effect from 1 October 2013;
- (d) the updated Pay Policy statements for 2013-14 and for 2014-15, as set out in Appendices C and D to the report, which reflect the above recommendations, should they be agreed; and
- (e) that this report, including the appendices and the minute of the decision be no longer treated as exempt information and be open for public inspection, if all recommendations are agreed.

## **INTRODUCTION**

1. The purpose of this report is to propose changes to some of the terms and conditions for the senior management team of Fareham Borough Council.
2. Fareham is recognised as a good Council. It has one of the lowest Council tax rates in England and has high levels of customer satisfaction with the way in which the Council runs things. It has also established a reputation as a good employer which helps to attract a wide range of skilled and experienced applicants when vacancies are advertised.
3. It is important to maintain this reputation and to offer a competitive employment reward package to both retain and attract high calibre employees.
4. The recommended changes, if approved, not only recognise the important contribution that the senior management team makes to the overall success of the Council but would also ensure that the reward package remains competitive for the future.

## **PAY AWARD**

5. The 2013/14 Local Government pay award of 1% currently applies to those employees paid according to National Joint Council (NJC) conditions. As such, the pay increase has already been implemented for the majority of Fareham Borough Council's employees who are placed within Local Grade 1 to Local Grade 11 of the Council's locally agreed pay scales.
6. Typically the pay settlement for NJC employees is extended to the Joint Negotiating Committee (JNC) for Chief Officers. However on the 26 April 2013 a letter was sent from the Employers side Secretary of the JNC for Chief Officers to the trade union side explaining that although they had not yet put in a pay claim the employers side would not be in a position to make a pay offer for 2013/14. This letter is appended at Appendix E.
7. On the 7 August 2013 a letter was sent to the Employers side Secretary of the JNC for Chief Officers from the trade union side requesting a review of the JNC decision not to extend the 1% pay settlement to Chief Officers. This letter is appended at Appendix F
8. The JNC responded on the 24 September 2013 concluding that they were unable to rescind their original decision. This letter is appended at Appendix G
9. The following senior managers are paid according to JNC conditions.
  - Chief Executive Officer
  - Director of Regulatory and Democratic Services
  - Director of Planning and Environment
  - Director of Community

- Director of Finance and Resources
- Director of Streetscene
- Head of Personnel and Development
- Head of Environmental Health
- Head of Community Safety and Enforcement
- Head of Building Control
- Head of Democratic Services
- Head of Development Management and Trees
- Head of Planning Strategy and Environment
- Head of Planning for Welborne
- Head of Regeneration
- Head of Leisure and Community
- Head of Strategic Housing
- Head of Corporate Services
- Head of ICT
- Head of Audit and Assurance
- Head of Estates
- Head of Building Services
- Head of Revenues and Benefits

10. These senior managers have not received an inflationary increase to their pay since April 2008. In 2009 they were not included in the 1% pay settlement for Local Government Employees and again in 2013 they have not been included in the 1% pay increase.

11. This decision appears to be disproportionate and would give rise to the continued erosion of the pay differentials between the grades of senior managers and mainstream employees.

12. It should be noted that if senior managers do not receive a 1% award then it has consequences for Fareham Borough Council's current salary structure. This would result in the gap between the top of Grade 11 and the bottom of the senior manager grade being diminished to only £338. If 1% is awarded to those on JNC conditions the gap would be £806. Prior to 2008 the pay differential was £1270.

13. Although the decision remains unchanged at national level there is an opportunity for Councils to review the pay award for Chief Officers at local level. A number of Councils have decided to take a local decision to implement a 1% award to employees on JNC conditions in line with the 2013 NJC agreement. A number of councils in Hampshire have decided to do this and currently the Councils taking this decision includes Gosport Borough Council, Eastleigh Borough Council and New Forest District Council.

14. Appendix A sets out pay scales for all employees (NJC and JNC) showing the impact of a 1% award to JNC grades and including the 1% already awarded to NJC grades from April 2013.

15. The Council budgeted for a 1% increase across the board in 2013/14, so the £13,000 cost of including those on JNC conditions can be met from within existing budgets. It is therefore recommended that employees on Joint Negotiating Committee (JNC) conditions be awarded a 1% pay increase for 2013/14 in line with all other employees on National Joint Council (NJC) conditions

### **CAR MILEAGE**

16. In 1999, the Council took a decision to make the salary for senior managers “fully inclusive” following a recommendation by the Policy and Resources Committee. This removed previous benefits such as leased cars, telephone allowances and payments for business mileage.
17. Over time, new managers have been appointed and have questioned the fairness of those on NJC conditions being able to claim business mileage whilst those on JNC conditions are not able to claim for using their own vehicle when travelling on behalf of the Council. Whilst there was logic to this decision in 1999, it no longer appears fair and creates an inconsistency between the terms and conditions of different parts of the workforce.
18. In 2010, as part of negotiations on Fareham Borough Council’s total reward employment package, all employees other than those on JNC conditions moved to a single mileage rate of 45p per mile.
19. It is proposed that employees on JNC conditions also be entitled to claim business mileage at the same rate as those employees on NJC conditions. This would take effect from 1 October 2013. Mileage costs can be met from within existing budgets for travel and subsistence. This would eradicate the current inconsistency within the terms and conditions of the workforce as well as helping to demonstrate that Fareham Borough Council can offer a transparent, fair and competitive employment package.

### **CHIEF EXECUTIVE OFFICER**

20. The salary range for the Chief Executive Officer was last reviewed in 2008 when it was set at the current level of £95,280 to £107,574. The current post holder was appointed in late 2008 and has subsequently risen incrementally to the top point of this scale.
21. Since then, there have been substantial changes in the financial and policy context in which the Council operates and it was therefore considered appropriate, after a period of five years, to commission an independent review of the Chief Executive Officer’s salary.
22. The independent review, carried out by an external Human Resources specialist, is attached at Appendix B and includes further explanation of the financial and policy changes and conditions.

23. Fareham Borough Council's pay policy commits it to offering a salary for its Chief Executive Officer which is fully competitive in the market so that it can 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.
24. The independent consultant has analysed the pay market for the post of Chief Executive Officer in District Councils across the south east region including Kent, East Sussex, West Sussex, Surrey, Hampshire, Oxfordshire and Buckinghamshire.

	<i>Lower end of pay scale</i>	<i>Top of pay scale</i>
<b>Minimum</b>	£ 79,470	£ 82,500
<b>Lower quartile</b>	£ 94,905	£ 106,312
<b>Average</b>	£ 102,927	£ 115,442
<b>Median</b>	£ 100,000	£ 111,894
<b>Upper Quartile</b>	£ 107,642	£ 125,000
<b>Maximum</b>	£ 130,000	£ 146,020
Fareham	£ 95,280	£ 107,574

25. The independent review recommends a new salary scale of £108,000 to £125,000, assuming that the 1% increase has been applied. The rules of assimilation, which are applied throughout the Council, are that employees moving to a new grade or pay scale would be assimilated to the nearest pay point above their current pay scale and as such it is recommended that the current post-holder is assimilated to the second spinal column point in the scale with effect from 1 October 2013.

## **PAY POLICY**

26. Fareham Borough Council's Pay Policy for the whole organisation is presented for approval by the Council on an annual basis and is linked to the Medium Term Financial Strategy. If the proposals set out in this report are approved then the Pay Policy will need to be amended to reflect the new figures. A revised Pay Policy for this current year is attached at Appendix C, with a revised Pay Policy for 2014-15 attached at Appendix D, giving the updated figures, should the recommendations of this report be approved.

## **FINANCIAL IMPLICATIONS**

27. The costs of the proposals set out in this report can be contained within existing budgets.

28. The budget for employee costs in 2013/14 is £9.4 million and includes provision for a 1% increase for all Council employees. The costs of allowing the 23 employees on JNC conditions to claim business mileage, in line with all other employees, are minimal and can be contained within existing budgets allocated for travel and subsistence.

## **RISK ASSESSMENT**

29. There are a number of risk considerations that need to be taken into account in relation to this report. These include the potential loss of senior personnel and/or the ability of the Council to attract high calibre employees at a senior level in the future should its pay package be seen as uncompetitive.
30. There is also a risk that the Council's existing pay structure will require fundamental review if incremental gaps are eroded due to the inconsistent application of pay awards.

## **CONCLUSION**

31. This report proposes some changes to the terms and conditions of senior management within the Council. It includes proposals to award a 1% pay increase to managers, in line with the rest of the Council's workforce; to change terms and conditions enabling all employees to claim mileage when on Council business; and to change the grade range of the Chief Executive Officer in accordance with the recommendations of an independent review.
32. The proposed changes, if approved, not only recognise the important contribution that senior management make to the overall success of the Council but would also ensure that the reward package remains competitive for the future.

- Appendix A:** Salary Scale tables for Senior Management teams and Local Grades 1 - 11.
- Appendix B:** Independent HR Consultant review of Chief Executive Officer's salary range.
- Appendix C:** Revised Pay Policy Statement for 2013 - 14
- Appendix D:** Revised Pay Policy Statement for 2014 - 15
- Appendix E:** JNC Letter to GMB 26 April 2013
- Appendix F:** GMB Letter to JNC dated 7 August 2013
- Appendix G:** JNC Reply to GMB dated 25 September 2013

**Background Papers:** Independent HR Consultant review of Chief Executive Officer's salary range\* Exempt from publication by virtue of Paragraph 1 of Part 1 of Schedule 12A of the Local Government Act 1972.

**Reference Papers:** Fareham Borough Council's Pay Policy 2013-14

**Enquiries:**

For further information on this report please contact Sarah Robinson (Ext 4564)



## Appendix A

Salary Scale tables for Senior Management teams, showing **the addition of 1%**

### Chief Executive

Spinal Column Point		Annual	+1%
5	1	107,574	108,650
4		104,499	105,544
3		101,427	102,441
2		98,352	99,336
1		95,280	96,233

### Directors

Spinal column point		Annual	+1%
5	1	79287	80080
4		77451	78226
3		75628	76384
2		73798	74536
1		71968	72688

### Heads of Service

Spinal column point			Annual	+1%
5		2	58617	59203
4			57111	57682
3			55457	56012
2			53794	54332
1			52150	52672
5	3		53794	54332
4			52150	52672
3			50493	50998
2			49050	49541
1			47654	48131

Spinal column point			Annual	Spinal column point
46		11	47316	46
45			46273	45
44			45255	44
43			44262	43
42		10	43282	42
41			42755	41
40			41715	40
39		9	40698	39
38			39690	38
37		8	38736	37
36			37698	36
35			36696	35
34		7	35710	34
33			34753	33
32		6	33738	32
31			32761	31
30			31804	30
29		5	30883	29
28			29981	28
27		4	29103	27
26			28253	26
25			27438	25
24		3	26639	24
23			25863	23
22		2	25109	22
21			24380	21
20			23610	20
19		1	22864	19
18			22146	18
17		1	21449	17
16			20722	16
15			20022	15
14		1	19347	14
13			18687	13
12		1	18061	12
11			17452	11
10			16858	10
9		1	16295	9
8			15702	8
7		1	15135	7
6			14621	6
5			14091	5
4		1	13551	4
3			13031	3
2		1	12629	2
1			12380	1



# **Review of Chief Executive Officer's salary**

**September 2013**

**Report by**

**Steve Vale, HR Consultant**

## Fareham Borough Council

### REVIEW OF CHIEF EXECUTIVE OFFICER'S SALARY

September 2013

#### BACKGROUND

1. I have been asked to undertake an independent review of the Chief Executive Officer's salary. I am a consultant specialising in pay and grading – details of my background and expertise are set out in Annexe 1. Previous work at Fareham includes the design, agreement and implementation of the job evaluation scheme currently used by the Council for its senior managers.
2. The salary range for the Chief Executive Officer was last reviewed in 2008. The current pay scale runs from £95,280 to £107,574.
3. The current Chief Executive Officer was appointed in late 2008, and is now on the top point of this scale.
4. Since then, there have been substantial changes in the financial and policy context in which the Council operates, following the 2010 general election and the subsequent public expenditure reviews.
5. There have also been major changes at local level, in particular the decision to proceed with development projects which are of major significance within and beyond Fareham.
6. The Council's current statutory pay policy (required under the Localism Act 2011) states:

*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.*

7. It goes on to say:

*The pay structure for the Chief Executive Officer was established 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.*

8. These statements, taken in conjunction with:

- the changes which have occurred as a result of national and local developments since 2008, and
- the need to ensure continuity at the most senior level to meet the demanding challenges of key development projects suggest that it is timely to review the current salary level, in the run up to the Council being asked to approve its new pay policy for 2014/15.

9. This report seeks to examine the key elements which need to be considered as part of the review:

- Changes in the responsibility level and expectations of the role
- Comparative data
- Market and recruitment and retention issues

It then draws some conclusions based on these elements.

## **CHANGES IN THE RESPONSIBILITY AND EXPECTATIONS OF THE POST**

10. I have been given a copy of the job description which was drawn up in September 2008, as well as the accompanying statement of competencies for successful performance in the role. The latter are appended to this report (Annexe 2).

11. The competencies, whilst an important and valid statement of the expectations of the role, are typical of those for a District Council in the current era, with a strong emphasis on vision, strategic policy development and implementation, leadership, effective working relationships, driving change and service transformation, and managing resources effectively, efficiently and economically.

12. These competencies seek to identify the skills and qualities which are necessary to lead the organisation in the challenging environment which has faced all local authorities since 2010. Whilst they were produced in 2008, many of them anticipate the challenging environment in which the post operates today – see, in particular, competencies 3, 5, 6 and 9 in this context.

13. There is, however, little in the statement which anticipates the major development projects which have become a key focus for the post since 2011. Whilst the job description itself refers to the development of strategic partnerships to achieve improved services for the communities of Fareham, and work with partner agencies to enable the development of sustainable communities, with the management of the growth agenda and the encouragement of economic investment in the area, there is nothing which could be said to anticipate the scale and importance of the projects concerned.

14. Those projects are additional to, and need to be handled alongside, all the other elements of the role (which cannot be neglected or delegated to others) - for example, the recent proposals for a partnership with Gosport Borough Council to provide Environmental Health services, and the development of partnership arrangements for Legal Services . Thus it is worthwhile examining their impact on the overall responsibility and impact of the job as it is currently being undertaken.

15. A reminder of the nature of the two major projects:

### **New Community – Welborne**

- a. In August 2011, the Council adopted its Core Strategy which includes plans for a new development of 6,500 dwellings, plus supporting employment and community facilities (including approximately 80,000 sq. metres of employment floor space).
- b. This development is one of the largest strategic development housing sites in Southern England, recognised as of key importance in supporting the economic growth of South Hampshire. Its implications mean that successful planning and delivery will entail working closely with the landowners and other parties such as the Homes and Community Agency, DCLG, Hampshire County Council, neighbouring District Councils, Solent LEP, NHS, Police, Fire and Rescue, the Highways Agency, Natural England etc.
- c. Whilst the project is Fareham led, it will impact on the whole region in terms of housing provision, economic development, employment, transport and environmental issues.
- d. Its scale means that it is of the highest complexity and will need consistent high-level input over a lengthy period – for example, independent public examination of the Welborne Plan is planned for summer 2014, and is an early stage in the overall process of delivering the project.

### **Solent Enterprise Zone – Daedalus**

- a. The Solent Enterprise Zone at Daedalus is one of 24 Enterprise Zones set up by the Government in August 2011 to support local economic and employment growth, and is viewed as the priority site for economic growth in South Hampshire. It aims to create 3,500 jobs within the Enterprise Zone, mainly within the marine, aerospace and aviation sectors.
- b. The majority of the site is located within Fareham, although the southern area extends into Gosport. Delivery of a successful Enterprise Zone requires work with existing and new tenants and other agencies, including the Solent Local Enterprise Partnership, Homes and Community Agency,

Government Departments (BIS and DCLG), Hampshire County Council and Gosport Borough Council.

- c. The benefits in terms of employment and economic prosperity will be regional as well as local – for example, compensating for shrinking employment in traditional industries in Portsmouth.
  - d. The Zone is also a long term project, requiring consistent input over many years, as well as the achievement of complementary short-term milestones, such as the new technical college on the site (due to open September 2014) and the construction of an innovation centre for small and medium sized enterprises.
16. There is no easy way to measure precisely the impact on responsibility levels of these two projects.
  17. The Council uses a job evaluation scheme to measure the relative responsibility levels of its senior management posts, but took a decision in 2008 not to include the Chief Executive Officer's role within the scope of the scheme. This was because job evaluation measures only the relative responsibilities of jobs, and it was/is already obvious that the Chief Executive Officer's post was the most demanding and responsible in the whole organisation, without the need to evaluate it.
  18. Even if it was possible to evaluate the post, this would simply confirm that it had higher responsibilities than Corporate Directors, and so warranted a higher salary. But evaluation would provide no indication of the level of salary which was appropriate.
  19. It is possible, however, to use the dimensions (or factors) with the Council's senior managers' job evaluation scheme to measure the extent to which the two projects referred to above have created increased demands on the role of the Chief Executive Officer. Looking at this factor by factor:
  20. The first factor covers **Service Development Skills**, and looks at the requirement for analytical thinking and creativity in the post for the purposes of dealing with issues relating to planning change and innovation, undertaking service reviews, planning future work, target setting, contributing to service re-engineering and keeping services running whilst change is taking place. It is intended to cover the need for original thinking, as well as the requirement for rigorous and comprehensive analysis of complex issues. The rising scale of demand in this factor is based on:
    - The complexity, range and contentiousness of information to be analysed;
    - The extent of the thinking required, and whether this is within or beyond existing policies and service parameters;
    - The amount of creative and innovative work required in the job.

21. It is clear that, within this dimension, the new projects will have added significantly to the complexity of issues faced by the Chief Executive Officer and the level of creative thinking required, without any lessening of the need to continue to ensure that the Council's service transformation agenda is driven forward and that day-to-day services operate effectively. As an example, previous models of funding major developments no longer work in the current economic climate (i.e. developer contributions to pay for infrastructure). Therefore growth can only be achieved through new and innovative solutions based on "revolving funds", new forms of investment and joint delivery vehicles, such as the formation of a local housing company to deliver affordable housing in the future.
22. The second factor in the scheme is **Corporate Contribution**, which looks at the extent to which a post needs the skills and appreciation of the perspectives of others (including political awareness) needed to work in cooperation with elected members and/or other people and organisations, outside its own immediate service, in order to
- achieve appropriate coordination of services and decision making, and/or
  - support corporate policy and direction and /or
  - progress cross-boundary or cross-issue initiatives (i.e. those which entail working with other departments within the Council or with external agencies).
23. The factor focuses on the extent of the requirements of the job to appreciate and take account of the perspectives of others and to build productive partnerships with them over time, securing effective inputs and outputs from all parties. The rising scale of demand in this criterion is based on:
- The frequency of work with elected members and/or other people and departments and organisations outside its own immediate service, and/or of the need to take their perspectives and interests into account;
  - The extent of requirement in the job to reconcile a range of different interests and interested parties to support key decisions, initiatives and overall corporate direction;
  - The level at which the job is expected to operate in terms of progressing joint, cross-boundary or cross-issue working or reconciling different interests (e.g. different degrees of participation or leading);
  - The degree of impact on services to the community or interested parties which results from coordinated or corporate working in the areas with which the post is concerned.
24. Whilst such contribution at the highest level is fundamental to the Chief Executive Officer role in any circumstances, it is clear that the scale and volume of such work will have increased substantially given the scale of the new developments and the number of interests and interested parties needing to be reconciled on a very frequent basis to ensure effective progress.



25. Both projects will require the very highest communication skills to act as an independent negotiator and to reconcile the different interests of a diverse range of interested parties. As well as dealing with other local authorities and local interests, there is a need to engage with the commercial requirements of landowners and developers to ensure that the projects are viable, and the role is heavily involved in discussions with senior civil servants and representatives of government agencies.

26. The third factor in the scheme is **Advisory and influencing skills**, which looks at a very specific aspect of communication skills which is key to posts at this level – the extent of the requirement to persuade other key players involved in the delivery of services (Councillors, Chief Officers, Corporate Management Team, or those in key positions in outside organisations) to adopt particular policies, plans or courses of action, and the level of skills needed to do so. The latter is measured in terms of the potential difficulty in persuading others to follow the preferred course of action and the nature of the outcome (i.e. tactical or strategic).

- The rising scale of demand in this criterion is based on:
- The degree of skill needed in the face of possible reluctance to accept advice;
- The importance of what others are being advised or persuaded to do.

27. Again, whilst the Chief Executive Officer's role has always required highly developed skills in this area, it is quite clear that the range of different interests which need to be convinced of the best way forward will have grown, and the importance of ensuring this happens will have increased, given the importance of the projects not only within Fareham but within the local region.

28. The **impact** factor in the scheme looks at how far the post affects the prosperity and well-being of the local community. It defines the most responsible jobs as those with a major impact across the whole community. But the new projects add a significant dimension to the Chief Executive Officer role of a major impact across the regional community (e.g. in terms of employment generation) as well as a very major impact itself.

29. The development projects do not add significantly to the **line management responsibilities** of the role (which the job evaluation scheme also measures), but the additional **budget responsibilities** they bring are very significant. The infrastructure budget for Welborne is estimated to be £300m. Whilst the Chief Executive Officer is not directly responsible for this budget, he plays a lead role in working with partners to establish a funding strategy to pay for the associated infrastructure.

30. The above analysis illustrates how, using the framework which the Council has adopted to measure the size of its senior roles, there has been clear and measurable growth in the demands on the role of Chief Executive Officer since 2011.

31. It is arguable that any typical local authority Chief Executive Officer would expect to be dealing with at least one major development project in their Council's area at any one time, but the current position at Fareham is on a significantly larger scale than would be typical, in terms of the impact of the projects (which has regional dimensions) and in the lengthy timescales associated with them.

## COMPARATIVE DATA

32. Whilst the natural tendency may be to compare Fareham with other District councils in Hampshire, it makes much more sense, in terms of the pay market for a post at Chief Executive Officer and the validity of comparisons, to look at the picture across the south east region. The table below therefore sets out data on Chief Executive Officer pay in District Councils across the south-east region (i.e. in Kent, East Sussex, West Sussex, Surrey, Hampshire, Oxfordshire and Buckinghamshire).

	<b><i>Lower end of pay scale</i></b>	<b><i>Top of pay scale</i></b>
<b><i>Minimum</i></b>	£ 79,470	£ 82,500
<b><i>Lower quartile</i></b>	£ 94,905	£ 106,312
<b><i>Average</i></b>	£ 102,927	£ 115,442
<b><i>Median</i></b>	£ 100,000	£ 111,894
<b><i>Upper Quartile</i></b>	£ 107,642	£ 125,000
<b><i>Maximum</i></b>	£ 130,000	£ 146,020
Fareham	£ 95,280	£ 107,574

33. The statements in the Councils pay policy make it clear that the Council takes account of appropriate comparative data in setting its senior salaries. The statement that, in setting the pay structure for its Chief Executive Officer, the Council has "*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*" implies that the Council should be aiming to ensure that its salaries at least align with comparator medians, and should probably be approaching upper quartile values.

34. On this basis, the regional figures would suggest that an appropriate pay scale for the Chief Executive Officer would either be pitched between the median and upper quartile values for the regional maximums (implying a scale running between figures in the vicinity of £112,000 and £125,000), or alternatively be pitched between the upper quartiles for the lower and upper ends of the Chief Executive Officer scales across the region, i.e. between £108,000 and 125,000.

## MARKET AND RECRUITMENT AND RETENTION ISSUES

35. As indicated above, both the major projects which form a major focus for the Chief Executive Officer are large-scale, multi-dimensional, complex and long-term. As such, they are likely to benefit from continuity of input over a major proportion of their lifetime. From a narrower perspective, the Council is likely to achieve the greatest benefit for itself from them if it is able to develop and sustain good and beneficial relationships with other key players in the projects and those that represent them.
36. This argues strongly for the Council seeking to retain its current Chief Executive Officer in post at this stage. It will be important to seek to build on, and derive maximum benefit from, the work he has already undertaken and the level of involvement he already had. Therefore turnover in the post is likely to be unhelpful, and, at the very least, would impede progress, as any new Chief Executive Officer would need time to get fully to grips with all aspects of the work and to build the relationships and levels of trust necessary for effective project delivery.
37. The market for Chief Executive Officers will have changed to some extent in recent years. Unlike other roles in local government, the number of vacancies will not have changed radically, as most Councils still look to replace any Chief Executive Officer who leaves. But there is some evidence that economic constraints and government policy have tended to reduce salary levels, with some Chief Executive Officer posts being advertised at a lower pay level than that paid to the previous incumbent.
38. However this is not universally the case, and, from a District council perspective, there is always the risk that a Chief Executive Officer will be attracted by the higher pay levels offered in different types of Council, particularly unitary authorities. A move to a unitary authority may well be seen as the logical next career step by a Chief Executive Officer who has proved their worth by performing effectively in a District Council.
39. Whilst market conditions have ensured that pay levels for Chief Executive Officers of unitary authorities have remained relatively modest, they are significantly above those for District Chief Executive Officers.
40. In the South East region, Unitary authority Chief Executive Officers are on scales or (more commonly) fixed point salaries with maximums which run from £149,000 to £166,000. The median maximum salary is just under £150,000.
41. A Chief Executive Officer who has performed well a District level in a very demanding and challenging environment would be in a good position to demonstrate to a unitary council that they are able to handle the added complexities of adult and children's services and the other services provided at

unitary level which are not replicated in districts. This is a factor the Council needs to weigh carefully against its need for continuity and the risk of disruption and dis-benefits if continuity is not maintained.

## CONCLUSIONS

42. It is five years since the pay scale for the Chief Executive Officer was last reviewed. There have been major changes at national and local level in the past five years, making it appropriate to review the current salary scale.
43. Changes at national level have meant that the skills and competencies expected of the role have been fully engaged in dealing with the very challenging financial environment since 2010, and the need to sustain the effectiveness of all Council services in the face of it.
44. The changes at local level – the advent of the major developments at Welborne and the Solent Enterprise Zone – are of a scale and complexity not envisaged when the salary level was last reviewed.
45. These projects need to be addressed alongside and on top of all the other elements of the role, and, as this report has shown, have led to a measurable increase in the skills and responsibilities of the role, in almost all of the dimensions by which the Council uses to evaluate its senior jobs.
46. The Council's pay policy commits it to offering a salary for its Chief Executive Officer which is fully competitive in the market so that it can 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.
47. But the current salary is below median levels for Districts in the south-east of England. This means that the retention of the current Chief Executive Officer – important to achieving continuity in the Council's approach to the development projects – is at risk.
48. The gap between the Chief Executive Officers in District Councils and those in unitary authorities also needs to be borne in mind, given the current Chief Executive Officer's successful performance in the Fareham role.
49. On this basis, the Council should consider whether some increase in the remuneration for the Chief Executive Officer is warranted at the present juncture. If so, an increase to bring the current scale into line with upper quartile levels in the south-east region would be the logical approach, given the wording of the Council's pay policy.
50. As noted above, the most appropriate way of achieving this alignment would be a scale which started at £108,000 with a maximum of £125,000. A 5 point (4-increment) scale for this range would be:

£108,000  
£112,250  
£116,500  
£120,750  
£125,000

51. Under the terms of the Council's pay policy, any increase in the Chief Executive Officer's salary scale would need to be considered by the full Council.
52. If, as a result of this report, the Council agrees to make changes to the current remuneration for its Chief Executive Officer, it will also need to ensure that its statutory pay policy statement is amended appropriately to reflect those changes.
53. If an increase in the scale is agreed, consideration would then need to be given to the appropriate level on this new scale for the current Chief Executive Officer to be assimilated to. The rules on assimilation which were applied across the whole Council when the 2008 pay review was implemented were that, wherever feasible, employees moving to a new grade or pay scale would assimilate at either the same salary (if their current salary was replicated in the new scale) or at the nearest pay point above their current pay scale, if their current salary was not replicated in the new scale.
54. Applying these rules (and thereby remaining consistent with previous practice), the Chief Executive Officer is currently paid £107,574, a figure which will increase to £108,650 if the proposal for a 1% increase in senior managers pay from 1<sup>st</sup> April 2013 is approved. Therefore the appropriate point for assimilation to the proposed new scale would be £112,250. This would constitute a 3.2% increase from the Chief Executive Officer's current pay level (assuming that the proposed 1% senior manager increase is agreed). This increase would be against a background where there has been no cost-of-living increase in the Chief Executive Officer's pay for over five years.

## **Steve Vale – HR Consultant**

Steve Vale has been working as an independent HR Consultant since 2007. Prior to 2007, he worked as an HR consultant for Tribal Resourcing plc, and specialised in pay, grading, equalities and employment law.

In the past 15 years, he has built up substantial expertise and experience in delivering JE-based pay and grading reviews in the public (mainly local authority) and voluntary sectors. He has worked with numerous local authorities of all types and sizes throughout England and Wales, as well as other national, regional and local public bodies. His work has covered a wide range of HR, pay and performance and other employment issues. In particular he has developed a special expertise in reviewing pay strategies and developing and implementing pay and performance systems.

In addition, he has sought to encourage and support recognition of the important role that any organisation's pay and performance strategies and systems have to play in helping it secure, motivate and retain employees with the skills and commitment to deliver their strategic and operational objectives, and has assisted many clients in developing their pay and reward systems in response to this.

In total, he has helped well over 100 local authorities and other organisations to develop their pay and grading systems in many different ways, including strategic pay reviews, pay and performance measures, large-scale job evaluation, reviews of remuneration levels against market data, the redesign of grading structures and the design of senior managers' pay and grading systems.

His extensive work and expertise on wider HR issues and employment law ensures that his expertise on the design of remuneration and performance systems and JE is coupled with a detailed understanding of equalities issues.

He is experienced in the use of a number of job evaluation schemes regularly used in the public services, including the National Joint Council for Local Government Services scheme and the Greater London Provincial Council scheme, and is an acknowledged expert in the conduct of local authority grading reviews based on the operation of such schemes. He has helped many organisations implement reviews, including very detailed involvement in the planning and delivery of full-scale grading reviews for a number of Councils (such as that at Fareham) .

Steve has also helped Councils such as, Derby, Nottingham, High Peak, Derbyshire Dales and Fareham, produce their own job sizing systems for senior roles, and to create pay and grading systems based on these.

He has assisted many public and not-for-profit sector bodies in assessing the competitiveness of their remuneration packages against the market, and is fully conversant with the problems of combining market data with the results of job evaluation to create pay structures which are fair in terms of both internal relativities and external comparisons, whilst at the same time supporting recruitment, retention and workforce development initiatives.

## COMPETENCIES FOR SUCCESSFUL PERFORMANCE

### 1. Working within the political arena

- Develops effective relationships with Elected Members and maintains high level political confidence.
- Promotes, manages and maintains a constructive, professional working relationship between Elected Members and the Officers of the Council.
- Supports Elected Members in shaping the aspirations of Fareham now and in the future.

### 2. Working together corporately and with partners

- Promotes, develops and maintains effective relations with a range of external partners, communities and other such organisations
- Ensures effective internal corporate working at a senior level
- Values individual differences and promotes equality and diversity inside and outside the Council
- Demonstrates high levels of personal integrity, ensures this is instilled within the culture of the Council and that everyone is treated with fairness and respect

### 3. Setting direction and maintaining focus on strategic and long term issues

- Effectively leads corporate planning and develops a vision, strategies and challenging objectives
- Formulates and gains commitment to ambitious high performance standards and targets
- Identifies and priorities tasks for self and senior managers to achieve short and long-term objectives
- A record of successful resource management together with experience of the formulation, monitoring and control of large, complex budgets

### 4. Communicating and influencing successfully

- Will have sound judgment, be decisive and possess the ability to communicate effectively and to influence at all levels
- Creates a culture of integrity, openness and honesty by ensuring appropriate information including good practice is proactively shared
- Strong negotiation skills and an ability to influence outcomes through tact, diplomacy and effective reasoning and persuasion
- The ability to write and present reports on complex issues

### 5. Leading change through people and developing the organisation

- Thorough knowledge of the challenges facing local government and the broader public sector
- Experience of leading and motivating a team of senior professional managerial staff to a high level of achievement
- Leads change and manages the impact of change effectively in order to achieve strategic plans
- Demonstrable success in achieving and managing cultural and organisational change
- Challenges self and others to continuously improve processes and practices

## **6. Lead and integrate performance management to achieve excellent results**

- Successful record of establishing and maintaining a strong performance culture driving up standards and delivering effective outcomes for the community.
- A track record for effectively instilling and maintaining a sense of rigour, accountability, high performance, self-confidence and ambition in the management and development of staff effectively harnessing the strengths and talents of employees at all levels.
- Ensures resources are used effectively and services delivered cost-effectively for the benefit of communities
- Ensures risks are assessed and managed effectively

## **7. Leading, managing and developing people**

- A leadership style that embraces the ability to lead, coach, inspire and empower others.
- Monitors the performance of senior managers and their teams, providing feedback to encourage good performance and intervening swiftly to address poor performance
- An effective, highly visible leader and manager of the corporate team with an approachable style.

## **8. Deciding and initiating action**

- Makes informed, timely and, where needed, difficult decisions
- Ensures a culture of transparent decision making and upholds the probity of the Council
- Accepts accountability for decisions and actions and ensures that all the statutory duties and obligations of the Council are fully met.

## **9. Creativity and problem solving**

- Ability to think, plan, and act strategically to develop practical and creative solutions to the management of corporate and strategic issues with the ability to think beyond traditional ways of doing things and make changes happen
- Strong analytical skills with the ability to quickly understand complex issues and enable others' understanding
- Ensures comprehensive evaluation of the costs and benefits of options to determine the preferred solution

## **10. Customer focus**

- Experience of managing a diverse range of services and translating organisational ambitions into real achievements that benefit services users.
- Develops processes and practices to regularly and proactively seek and act upon customer feedback.
- Ability to understand and respond to the need of the community and service users and to focus on delivering services around their needs

## **QUALIFICATION REQUIREMENTS**

Degree level qualification with evidence of post graduate training and development in management and continuing professional development.



## **EXPERIENCE REQUIREMENTS**

1. Successful and consistent achievement in leadership at senior management level, preferably within a local authority or other organisation of comparable size, scope and complexity, with experience of delivering both an operational customer facing service and corporate strategy role.
2. A track record of successful leading and implementing cultural change and organisational development, implementing and delivering new working policies and practices alongside significant cultural and structural change that deliver improved services for customers in a more efficient way.
3. Significant track record of success in building effective teams and leading a diverse group of professional staff to achieve organisational aims and objectives.
4. Demonstrable experience of supporting Elected Members to develop the Council's vision, values and priorities.
5. Successful experience of translating policy and strategy into tangible outcomes for the benefit of customers.
6. Successful experience of giving advice to and building relationships with Elected Members or other Board Members dealing with challenging and complex situations.
7. Successful track record of enhancing the reputation of an organisation at all levels that has generated benefits for the community.
8. A track record of successfully developing effective internal working relationships and external partnerships that achieve organisational aims and objectives.
9. A successful track record of establishing and sustaining a performance management culture, supported by effective and efficient management information systems.
10. Proven experience of financial management including efficiency savings, monitoring and control of budgets.
11. Successful track record of leading and establishing equality of opportunity in both employment and service delivery.

## **PERSONAL STYLE AND BEHAVIOUR**

- A visionary leader
- Energy, drive and resilience to drive the pace of change and an ability to deliver under pressure
- Leads from the front, an honest and straightforward style
- Personal and professional demeanour, integrity and credibility that engages and commands the confidence and respect of others
- Inclusive, supportive and leads by example
- Displays good judgement and makes timely and effective decisions
- Highly developed interpersonal and communication skills
- Tact and diplomacy
- Excellent written, spoken and presentation skills
- ICT skills

## FAREHAM BOROUGH COUNCIL PAY POLICY STATEMENT FINANCIAL YEAR 2013 - 14

### 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 2014 -15, 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 Regulatory & Democratic Services, as Monitoring Officer
- c) Director of Finance & Resources, as Section 151 Officer

Non Statutory Chief Officers are:

- d) Director of Planning & Environment
- e) Director of Community
- f) Director of Streetscene

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 Development and endorsed by the Chief Executive Officer.

#### **3.2 Responsibility for decisions on pay structures.**

The outcome of reviews into the local pay and grading structures covering all jobs are considered by an Advisory Panel proportionately constituted and comprised of Councillors from the main political parties. The Advisory Panel's recommendations 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 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. Implementation of the revised pay structure was concurrent with that for all other employees in April 2008. In October 2013 the remuneration levels for the Chief Executive Officer grade was reviewed by an independent consultant. Relevant labour market and comparative remuneration data was considered on both occasions.

#### **3.3 Pay scales and grading framework**

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 and consists of a pay spine of 46 points, comprising 11 grades with grade1 being the lowest and grade11 the highest. Each employee will be on one of the 11 grades based on their job evaluated role. Each grade contains 5 spinal column points to allow for incremental advancement within the grade.

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  
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mainstream pay structure and consists of one pay grade for Chief Officers and two 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 2013 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. If there is an occasion where to do so would distort the local pay structures alternative proposals are developed, discussed with the trade unions and brought to Elected Members for formal approval.

There was a 1% inflationary annual pay award in April 2013 for mainstream employees. Typically Chief Officers and Heads of Service receive the same percentage pay award as for all other employees however for 2013 the pay settlement was not extended to this group. On 10 October 2013 the Council approved that employees on Joint Negotiating Committee (JNC) conditions be awarded a 1% pay increase for 2013/14 in line with all other employees on National Joint Council (NJC) conditions.

#### **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. £108,000 to £125,000
- b) Statutory and Non-Statutory Chief Officers will be paid a salary within the grade range £72,688 to £80,080

**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 £48,131 to £59,203

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.

##### **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 Development.

#### **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 Heads of Service, in connection with their role or the pattern of hours they work in accordance with National or Local collective agreements.

The Council recognises that on occasions 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 and the Head of Corporate Services 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. This scale is published on the Council's website.

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**

There are no benefits in kind payable to any employee of the Council.

#### **4.7 Pension**

All employees as a result of their employment are eligible to join the Local Government Pension Scheme. There will be no increases or enhancement to pension entitlements.

#### **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 membership and on awarding additional 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.

#### **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 2013-14, including base salary, allowances, etc.

Highest paid employee	£112,250
Mean average earnings for remainder of workforce	£24,353
Ratio	4.6

## Fareham Borough Council

## Local Pay Scales as at 01/04/2013

## Chief Executive

Spinal Column Point		Annual
5	1	125,000
4		120,750
3		116,500
2		112,250
1		108,000

## Directors (Grade &amp; Salary scale)

Spinal Column Point		Annual
5	1	80,080
4		78,226
3		76,384
2		74,536
1		72,688

## Senior Management (Grades &amp; Salary scales)

Spinal Column Point		Annual
5	2	59,203
4		57,682
3		56,012
2		54,332
1		52,672
5	3	54,332
4		52,672
3		50,998
2		49,541
1		48,131

Mainstream (Grades and Salary scales)

01/04/2013

Spinal column point			Annual
46			47,316
45			46,273
44		11	45,255
43			44,262
42		10	43,282
41			42,755
40			41,715
39			40,698
38		9	39,690
37			38,736
36			37,698
35			36,696
34		8	35,710
33			34,753
32			33,738
31			32,761
30		7	31,804
29			30,883
28			29,981
27			29,103
26		6	28,253
25			27,438
24			26,639
23			25,863
22		5	25,109
21			24,380
20			23,610
19			22,864
18			22,146
17		4	21,449
16			20,722
15			20,022
14			19,347
13		3	18,687
12			18,061
11			17,452
10			16,858
9		2	16,295
8			15,702
7			15,135
6			14,621
5	1		14,091
4			13,551
3			13,031
2			12,629
1			12,380



## FAREHAM BOROUGH COUNCIL PAY POLICY STATEMENT FINANCIAL YEAR 2014 - 15

### 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 2014 -15, 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

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Deputy Chief Officers are:

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### **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 Development and endorsed by the Chief Executive Officer.

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The outcome of reviews into the local pay and grading structures covering all jobs are considered by an Advisory Panel proportionately constituted and comprised of Councillors from the main political parties. The Advisory Panel's recommendations are submitted to a meeting of Full Council for approval.

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The pay structure for the Chief Executive Officer was established 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. Implementation of the revised pay structure was concurrent with that for all other employees in April 2008. In October 2013 the remuneration levels for the Chief Executive Officer grade was reviewed by an independent consultant. Relevant labour market and comparative remuneration data was considered on both occasions.

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mainstream pay structure and consists of one pay grade for Chief Officers and two pay grades for Heads of Service with all grades containing 5 points.

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

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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 Development.

#### **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 Heads of Service, in connection with their role or the pattern of hours they work in accordance with National or Local collective agreements.

The Council recognises that on occasions 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 and the Head of Corporate Services 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. This scale is published on the Council's website.

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**

There are no benefits in kind payable to any employee of the Council.

#### **4.7 Pension**

All employees as a result of their employment are eligible to join the Local Government Pension Scheme. There will be no increases or enhancement to pension entitlements.

#### **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 membership and on awarding additional 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.

#### **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 2013-14, including base salary, allowances, etc.

Highest paid employee	£112,250
Mean average earnings for remainder of workforce	£24,353
Ratio	4.6

## Fareham Borough Council

## Local Pay Scales as at 01/04/2013

## Chief Executive

Spinal Column Point		Annual
5	1	125,000
4		120,750
3		116,500
2		112,250
1		108,000

## Directors (Grade &amp; Salary scale)

Spinal Column Point		Annual
5	1	80,080
4		78,226
3		76,384
2		74,536
1		72,688

## Senior Management (Grades &amp; Salary scales)

Spinal Column Point		Annual
5	2	59,203
4		57,682
3		56,012
2		54,332
1		52,672
5	3	54,332
4		52,672
3		50,998
2		49,541
1		48,131

Mainstream (Grades and Salary scales)

01/04/2013

Spinal column point			Annual
46			47,316
45			46,273
44		11	45,255
43			44,262
42		10	43,282
41			42,755
40			41,715
39			40,698
38		9	39,690
37			38,736
36			37,698
35			36,696
34		8	35,710
33			34,753
32			33,738
31			32,761
30		7	31,804
29			30,883
28			29,981
27			29,103
26		6	28,253
25			27,438
24			26,639
23			25,863
22		5	25,109
21			24,380
20			23,610
19			22,864
18			22,146
17		4	21,449
16			20,722
15			20,022
14			19,347
13		3	18,687
12			18,061
11			17,452
10			16,858
9		2	16,295
8			15,702
7			15,135
6			14,621
5		1	14,091
4			13,551
3			13,031
2			12,629
1			12,380



**Brian Strutton**  
**Officers' Side Secretary**  
**JNC for Chief Officers of Local Authorities**  
**GMB**  
**22/24 Worple Road**  
**London**  
**SW19 4DD**

26 April 2013

Dear Brian,

**LOCAL GOVERNMENT PAY 2013**

You will be aware that on 24 April the National Employers formally responded to the NJC Trade Union Side's 2013 pay claim.

In reaching their decision in respect of the main local government workforce the employers also considered the other national negotiating groups for which they have responsibility, including the JNC for Chief Officers of Local Authorities. The employers appreciate that the JNC Officers' Side has not made a claim in respect of 2013/14, and may not have intended to do so. However, they felt that it would be only fair to inform you now that they will not be in a position to make any offer in response to a claim from your Side.

The Employers hope that your members will understand the reasons why this is the appropriate decision.

Yours sincerely,

A handwritten signature in black ink that reads "Sarah Messenger".

**Sarah Messenger**  
**Head of Workforce**

cc Mike Short, UNISON





7 August 2013

Sarah Messenger  
Employer Side Secretary  
JNC for Chief Officers  
Local Government Employers  
Local Government House  
Smith Square  
London SW1P 3HZ

Dear Sarah

**CHIEF OFFICERS' PAY**

I write on behalf of the Chief Officer JNC Trade Unions, GMB and Unison, and also on behalf of the many thousands of disappointed and disillusioned Chief Officers who have not been awarded a national pay increase for five years. I am not aware of any group that has fared so badly anywhere in the economy let alone in local government despite the ever increasing workloads and day-to-day pressures being carried.

Against this background you have informed us that the LGA elected members who decided to make a 1% pay offer this year to the main NJC, Craft JNC, Soulbury group, etc, also decided not to extend this to Chief Officers. We met with your officials on 26 July to raise our objections and it was suggested we write to seek a review of that decision. I formally request that review and ask that the LGA's elected members reconsider their unfair treatment of Chief Officers.

One of the things we discussed on 26 July was the role of the Chief Officers' JNC. This is supposed to be the body that determines pay and conditions for Chief Officers as set out in their individual contracts of employment (and unless superseded by local agreements). Yet it has been five years since it carried out its most important function of all, namely to award an annual pay increase. Your representatives told us very clearly that there is no intention to wind up the Chief Officers' JNC. I have to say that requires the elected members to treat the Chief Officers covered by the JNC with some respect and not just dismiss their justifiable case for a pay increase.

/cont'd.....


By way of example, relevant measures of inflation (preceding month of April review date) from the time of the last Chief Officers' pay award look like this:

<u>Year</u>	<u>March CPI</u>	<u>March RPI</u>
2008	2.5%	3.8%
2009	2.9%	- 0.4%
2010	3.4%	4.4%
2011	4.0%	5.2%
2012	3.5%	3.6%
2013	2.8%	3.3%

It is hard to conceive how LGA elected members could look at these figures and not conclude that Chief Officers are no less deserving of a pay rise in 2013 than the bulk of the people they manage, especially given how low most Chief Officers' salaries are, compared to equivalent jobs in the private sector and elsewhere in the public sector.

I hope they will positively review their decision.

Yours sincerely



**Brian Strutton**  
**National Secretary**

**and on behalf of Mike Short, Senior National Officer, Unison**



**Brian Strutton**  
**Officers' Side Secretary**  
**JNC for Chief Officers of Local Authorities**  
**GMB**  
**22/24 Worples Road**  
**London**  
**SW19 4DD**

24 September 2013

Dear Brian,

**CHIEF OFFICERS' PAY 2013**

Thank you for your letter of 7 August. I apologise for the delay in replying.

I have now been able to consult members of the Employers' Side on your request for a review of their decision in April not to make a pay offer for the year commencing 1 April 2013.

Members considered carefully the arguments you put forward on behalf of your members but have concluded that they are unable to rescind their original decision.

Yours sincerely,

A handwritten signature in black ink that reads "Sarah Messenger".

**Sarah Messenger**  
**Employers' Secretary**

cc Mike Short, UNISON