

## APPENDIX A

# FAREHAM BOROUGH COUNCIL PAY POLICY STATEMENT FINANCIAL YEAR 2019 - 20

## 1. Purpose

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 2019-20, 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:

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|--|--|
| <b>Pay</b>                                 | includes base salary, charges, fees, allowances, benefits in kind, increases in/enhancements to pension entitlements and termination payments.   |
| <b>Chief Officers</b>                      | refers to the following roles within the Council:<br><br>Statutory Chief Officers: <ul style="list-style-type: none"><li>• Chief Executive Officer, as Head of Paid Service</li><li>• Managing Director of Fareham Housing, as Monitoring Officer</li><li>• Director of Finance &amp; Resources, as Section 151 Officer</li></ul><br>Non Statutory Chief Officers: <ul style="list-style-type: none"><li>• Director of Planning &amp; Regulation</li></ul> |
| <b>Deputy Chief Officers</b>               | 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.  |
| <b>Lowest paid employees</b>               | 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.   |
| <b>Employee who is not a Chief Officer</b> | 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 HR 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 at 1 April 2019 the rate will increase to £8.21 per hour.

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 2018 consists of a pay spine of 44 points, comprising 11 grades containing 5 spinal column points with the exception of grade1. 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 2018 is appended to this Statement (at [Annex A](#)).

### 3.4 Pay Awards and National Pay Awards

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 2018 a 2 year pay deal was agreed taking the pay award through to 31 March 2020.

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 of Chief Officers and Deputy Chief Officers

**“Chief Officers”** are identified at 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 £112,374 to £130,063.
- b) Statutory and Non-Statutory Chief Officers will be paid a salary within the grade range £79,735 to £91,580.

**“Deputy Chief Officers” who are Heads of Service** are all paid within the Council's pay structures and will be paid a salary within grade ranges £52,806 to £79,735.

Typically 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 HR and ICT.

#### **4.4 Other pay elements – Statutory Officers**

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.

**Expenses:** 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.

**Elections:** 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 Leisure and 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.

**Professional Subscriptions:** 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 technology 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.

#### **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 commenced the process to enforce a cap on exit payments of £95,000 with the likely implementation date to be early 2019 following consultation that has taken place during 2016 and 2017.

#### **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 HR 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 median earnings across the whole workforce as a pay multiple. By definition, the Council's highest paid employee is the Chief Executive Officer. The median average pay has been calculated on all taxable earnings for the financial year 2018-19, including base salary, allowances, etc.

|  |          |
|--|----------|
| Highest paid employee                      | £130,063 |
| Median earnings for remainder of workforce | £23,721  |
| Ratio                                      | 5.48     |

## ANNEX A (to the Pay Policy Statement)

### Fareham Borough Council - Pay Scales as at 01/04/2018

| Chief Executive Grades & Salary |               |  | Directors Grades & Salary |               |
|---------------------------------|---------------|--|---------------------------|---------------|
| Spinal Column Point             | Annual Salary |  | Spinal Column Point       | Annual Salary |
| 1                               | £112,374      |  | 1                         | £79,735       |
| 2                               | £116,797      |  | 2                         | £82,296       |
| 3                               | £121,219      |  | 3                         | £85,281       |
| 4                               | £125,642      |  | 4                         | £88,374       |
| 5                               | £130,063      |  | 5                         | £91,580       |

| Senior Management Grades & Salary scales |                     |               |       |                     |               |       |                     |               |
|--|---------------------|---------------|-------|---------------------|---------------|-------|---------------------|---------------|
| Grade                                    | Spinal Column Point | Annual Salary | Grade | Spinal Column Point | Annual Salary | Grade | Spinal Column Point | Annual Salary |
|  | 1                   | £70,223       |       | 1                   | £60,896       |       | 1                   | £52,806       |
|  | 2                   | £72,681       |       | 2                   | £63,104       |       | 2                   | £54,723       |
| 1  | 3                   | £75,224       | 2     | 3                   | £65,393       | 3     | 3                   | £56,707       |
|  | 4                   | £77,474       |       | 4                   | £67,765       |       | 4                   | £58,764       |
|  | 5                   | £79,735       |       | 5                   | £70,223       |       | 5                   | £60,896       |

| Local Pay Scales |                           |                                     |       |                           |                                     |
|------------------|---------------------------|-------------------------------------|-------|---------------------------|-------------------------------------|
| GRADE            | SPINAL<br>COLUMN<br>POINT | ANNUAL<br>SALARY<br>(APRIL<br>2018) | GRADE | SPINAL<br>COLUMN<br>POINT | ANNUAL<br>SALARY<br>(APRIL<br>2018) |
| 1                | 3                         | £16,394                             |       |                           |                                     |
|                  | 4                         | £16,495                             |       |                           |                                     |
|                  | 5                         | £16,765                             |       |                           |                                     |
| 2                | 5                         | £16,765                             | 7     | 26                        | £31,246                             |
|                  | 6                         | £17,007                             |       | 27                        | £32,185                             |
|                  | 7                         | £17,681                             |       | 28                        | £33,157                             |
|                  | 8                         | £18,039                             |       | 29                        | £34,155                             |
|                  | 9                         | £18,619                             |       | 30                        | £35,173                             |
| 3                | 9                         | £18,619                             | 8     | 30                        | £35,173                             |
|                  | 10                        | £19,078                             |       | 31                        | £36,231                             |
|                  | 11                        | £19,722                             |       | 32                        | £37,312                             |
|                  | 12                        | £20,282                             |       | 33                        | £38,435                             |
|                  | 13                        | £20,667                             |       | 34                        | £39,492                             |
| 4                | 13                        | £20,667                             | 9     | 34                        | £39,492                             |
|                  | 14                        | £21,398                             |       | 35                        | £40,583                             |
|                  | 15                        | £22,142                             |       | 36                        | £41,691                             |
|                  | 16                        | £22,916                             |       | 37                        | £42,839                             |
|                  | 17                        | £23,721                             |       | 38                        | £43,894                             |
| 5                | 18                        | £24,492                             | 10    | 38                        | £43,894                             |
|                  | 19                        | £25,286                             |       | 39                        | £45,009                             |
|                  | 20                        | £26,110                             |       | 40                        | £46,135                             |
|                  | 21                        | £26,963                             |       | 41                        | £47,283                             |
|                  | 22                        | £27,768                             |       | 42                        | £47,867                             |
| 6                | 22                        | £27,768                             | 11    | 42                        | £47,867                             |
|                  | 23                        | £28,603                             |       | 43                        | £48,951                             |
|                  | 24                        | £29,461                             |       | 44                        | £50,049                             |
|                  | 25                        | £30,345                             |       | 45                        | £51,174                             |
|                  | 26                        | £31,246                             |       | 46                        | £52,328                             |