

## HAMPSHIRE COUNTY COUNCIL

### Decision Report

<b>Decision Maker:</b>	Employment in Hampshire County Council Committee
<b>Date:</b>	8 November 2022
<b>Title:</b>	Hampshire County Council Pay Statement – Financial Year 2023/24
<b>Report From:</b>	Chief Executive

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#### **Purposes of this Report**

1. The purpose of this report is to set out the proposed Pay Statement for 2023/24, and to seek the recommendation of the EHCC Committee of the proposed Pay Statement to the County Council.

#### **Recommendations**

2. That the EHCC Committee recommends to the County Council approval of the Pay Statement as detailed in this report and at Appendix A, setting out the County Council's policies in respect of pay accountability for the financial year 2023/24 in accordance with the requirements of the Localism Act,
3. That the EHCC Committee delegates authority to the Chief Executive, in consultation with the Chairman of the EHCC Committee, to make any changes to the draft Pay Statement consequential upon any changes to legislative requirements or other statutory guidance or changes to remuneration of staff, the creation of new roles, and changes to existing roles or responsibilities determined prior to consideration of the Pay Statement by full Council.

#### **Executive Summary**

4. This report outlines the requirements on the County Council in respect of pay accountability placed on the County Council in consequence of the Localism Act ("the Localism Act"), Chapter 8, Sections 38 to 43.
5. By virtue of Section 38 of the Localism Act, the County Council is required to prepare a Pay Statement ("Pay Statement") for each financial year. This

Pay Statement needs to set out the County Council's policies in respect of the remuneration of its Chief Officers, the remuneration of its lowest paid employees, and the relationship between the remuneration of its Chief Officers and the remuneration of employees who are not Chief Officers.

6. Section 39 of the Localism Act requires that a Pay Statement required under the Localism Act is prepared and approved by full Council prior to 31 March immediately preceding the year to which it relates. The County Council must comply with the provisions of the approved Pay Statement when making any determinations in respect of the remuneration of Chief Officers in the financial year to which such Pay Statement relates. A copy of the proposed Pay Statement for 2023/24 is attached at Appendix A to this report.

### **Contextual information**

7. Chief Officer" is defined as Section 43 (2) of the Localism Act, and means each of the following:
  - The Head of Paid Service
  - The Monitoring Officer
  - A Statutory Chief Officer
  - A Non-Statutory Chief Officer
  - A Deputy Chief Officer
8. Together with the Head of Paid Service, the terms "Statutory Chief Officer" and "Non-Statutory Chief Officer" include the County Council's current Corporate Management Team (CMT), and the Director of Public Health.
9. The Statutory definition of "Deputy Chief Officer" is however much wider and goes beyond the County Council's local definition of how a Chief Officer post might be described, and includes not only Deputy Directors, but also Assistant Directors and Heads of Service, if reporting directly or are directly accountable to a member of CMT in respect of all or most of their duties.
10. Section 38 (3) of the Localism Act also requires that the County Council includes within its Pay Statement a definition of its "lowest paid" employees, and the County Council's reasons for adopting the definition. "Lowest paid" employees are defined at paragraph 5 of the Pay Statement to mean those members of staff employed at Grade A on the County Council's main pay framework.
11. Section 38 (4) of the Localism Act sets out a number of mandatory matters which must be included within a Pay Statement. These are:
  - The level and elements of remuneration of each Chief Officer

- Remuneration of Chief Officers on appointment
  - Increases and additions to remuneration for each Chief Officer
  - The use of performance-related pay for Chief Officers
  - The use of bonuses for Chief Officers
  - The approach to the payment of Chief Officers on their ceasing to hold office under or to be employed by the County Council
  - The publication of an access to information relating to the remuneration of Chief Officers.
12. There is discretion within the Localism Act for the County Council to also include within its Pay Statement, policies in respect of the remainder of its workforce. In the interests of openness and transparency, the County Council's Pay Policy in respect of employees who are not Chief Officers for the purposes of the Localism Act is set out at Section 1 of the Pay Statement.

### **Statutory Guidance**

13. Section 40 of the Localism Act requires that in performing its functions under the Localism Act and in preparation and approval of a Pay Statement the County Council must have regard to any guidance issued by the Secretary of State. Guidance ('the Guidance') has been issued by the Department of Communities and Local Government 'Openness and Accountability in local pay' dated February 2012 in this regard. Further guidance ('the Supplementary Guidance') has been issued dated February 2013 supplementing the Guidance.
14. Under the provisions of the Guidance and the Supplementary Guidance the County Council is required to explain in its Pay Statement, its policies in respect of the employment of ex-Chief Officers in receipt of a redundancy payment, including its policy towards the re-engagement of Chief Officers previously employed by the County Council, under a Contract for Services.
15. Earlier this year, Government issued statutory guidance in respect of "Special Severance Payments". Special Severance Payments are largely defined as payments made to a departing employee which are not statutory or contractual entitlements. EHCC considered the guidance at its meeting on 7 July 2022 and resolved to recommend to the County Council that it (EHCC) remains the appropriate Committee to agree Chief Officer remuneration, for Chief Officers above Grade K, including individual salary offers in respect of any new Chief Officer appointments or severance packages for Chief Officers leaving the County Council and any Special Severance Payments to any Officer of £100,000 or more, in accordance with the Pay Statement.

## Commentary

16. The draft Pay Statement attached at Appendix A is divided into three parts. These are an opening generic introduction covering the requirements of the Localism Act and specifically the definition of 'Chief Officers', followed by two policy sections. Section 1 describes the position in respect of employees who are not Chief Officers within the meaning of the Localism Act, and whose remuneration is covered by the County Council's main pay framework. Section 2 describes the position in respect of Chief Officers as defined by the Localism Act.
17. As indicated at paragraph 9 of this report, the Localism Act contains a wider definition than the traditional definition of 'Chief Officer' and includes not only Deputy Directors, but also Assistant Directors and Heads of Service, if reporting directly to or accountable to a member of CMT in respect of all or most of their duties.' Given the differing scale, size and responsibilities of the respective Chief Officer posts, it is sensible from an organisational perspective to group Chief Officers into three categories as set out below, and referred to at paragraphs 23–25 of the Pay Statement. In doing so the Pay Statement makes better sense of those existing post holders paid at or beyond grade K on the main pay framework. These three categories are:
  - a) the Head of Paid Service
  - b) Statutory Chief Officers, Non-Statutory Chief Officers and the Monitoring Officer.
  - c) other Senior Officers falling within the statutory definition of Deputy Chief Officer.
18. The County Council's Constitution requires that the remuneration of Chief Officers on appointment outside the main pay framework require Chief Executive and EHCC Committee approval. In accordance with the Statutory Guidance, the County Council has agreed that the EHCC Committee will exercise this responsibility with regard to all Chief Officer and Deputy Chief Officer remuneration outside the main pay framework, whether on appointment or otherwise. This point is covered at paragraph 22 of the Pay Statement.
19. In exercising these responsibilities, it is recognised that the EHCC Committee is the responsible Committee for remuneration of all Chief Officer appointments arising from the implementation of any future structural management arrangements and/or any appointments (joint or otherwise) arising from the formalisation of any new shared services arrangements or legislative changes. The EHCC Committee will determine remuneration in respect of all future Chief Officer appointments or changes to Chief Officer remuneration after appointment in accordance with the policies set out in the Pay Statement. The County Council has also agreed that the EHCC Committee is responsible for approval of any severance packages in respect of Chief Officers leaving the County Council.

20. Salary ranges of staff on Grades A-K referred to at paragraphs 9 and 12 and detailed at Annex 1 of the Pay Statement are as currently per 1 April 2022, and cover the period to 31 March 2023. Pay categories for Chief Officers and Deputy Chief Officers referred to at paragraphs 23 to 25 of the Pay Statement are also as currently per 1 April 2022 and cover the period to 31 March 2023. Once details of the Pay Settlement for 2022/23 are known, the table at Annex 1 and Paragraphs 23-25 of the Pay Statement will be updated accordingly. Similarly, should there be a pay award for staff for 2023/24, the table at Annex 1 and Paragraphs 23-25 of the Pay Statement will be updated accordingly. The proposed changes to the senior management structure may also lead to some consequential changes to the draft Pay Statement. Following conclusion of the restructure the draft Pay Statement will be updated as necessary to properly reflect the outcome.

## **IMPACT ASSESSMENTS:**

### **1. Consultation and Equalities**

1.1 The County Council has a duty under Section 149 of the Equality Act 2010 ('the Act') to have due regard in the exercise of its functions to the need to:

- Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act;
- Advance equality of opportunity between persons who share a relevant protected characteristic (age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation) and those who do not share it;
- Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

**Due regard in this context involves having due regard in particular to:**

- a) The need to remove or minimise disadvantages suffered by persons sharing a relevant characteristic connected to that characteristic;
- b) Take steps to meet the needs of persons sharing a relevant protected characteristic different from the needs of persons who do not share it;
- c) Encourage persons sharing a relevant protected characteristic to participate in public life or in any other activity which participation by such persons is disproportionately low.
- d) Equalities have been considered and no adverse impact identified.

### **21. Climate Change Impact Assessment:**

- i. How does what is being proposed impact on our carbon footprint / energy consumption?

No impact has been identified.

- ii. How does what is being proposed consider the need to adapt to climate change, and be resilient to its longer term impacts?

No specific measures have been identified.

## CORPORATE OR LEGAL INFORMATION:

### Links to the Strategic Plan

**This proposal does not link to the Strategic Plan but, nevertheless, requires a decision because of the statutory requirements of the Localism Act 2011.**

### Other Significant Links

#### Links to previous Member decisions:

<u>Title</u>	<u>Date</u>
Hampshire County Council Pay Statement Financial Year 2022/23	17 February 2022

#### Direct links to specific legislation or Government Directives

<u>Title</u>	<u>Date</u>
Localism Act	2011
DCLG Guidance 'Openness and Accountability in Local Pay'	February 2012
DCLG Supplementary Guidance 'Openness and Accountability in Local Pay'	February 2013

#### Section 100 D - Local Government Act 1972 - background documents

**The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)**

Document

Location

None