

REPORT OF THE  
**Chief Executive**  
PART I

**1. HAMPSHIRE COUNTY COUNCIL PAY STATEMENT FOR FINANCIAL YEAR 2021/2022**

- 1.1. 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. 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.
- 1.2. By virtue of Sections 38 - 43 of the Localism Act, the 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.
- 1.3. 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.
- 1.4. A copy of the proposed Pay Statement for 2021/22 is attached as an Appendix to this report. Members of the EHCC Committee have been consulted on the content of the proposed Pay Statement.

**2. Contextual Information**

- 2.1. “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
- 2.2. 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.

- 2.3. 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.
- 2.4. 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.
- 2.5. 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.
- 2.6. 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.

### **3. Statutory Guidance**

- 3.1. 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.
- 3.2. 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.

#### **4. Commentary**

- 4.1. 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.
- 4.2. As indicated at paragraph 2.3 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 and Non-Statutory Chief Officers
  - c) The Monitoring Officer, and other Senior Officers falling within the definition of Deputy 'Chief Officer'.
- 4.3. The County Council's Constitution requires that the salaries 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 continue to 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.
- 4.4. In exercising these responsibilities, it is recognised that the EHCC Committee will continue to be 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.

- 4.5. 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 per April 2020, and cover the period to 31 March 2021. Pay categories for Chief Officers referred to at paragraphs 23 to 25 of the Pay Statement are also as per April 2020 and cover the period to 31 March 2021. Should there be a pay award for staff for 2021/22, the table at Annex 1 and Paragraphs 23-25 of the Pay Statement will be updated accordingly.
- 4.6. Finally, it should be noted that Government is currently considering responses to a consultation on wider reforms that may impact calculation of redundancy pay. The EVR2 Scheme referred to in the table at Annex 2 of the draft Pay Statement reflects the position as it currently stands. Accordingly should this be necessary the table at Annex 2 will be updated to reflect any legislative change so that it remains legally compliant.

### **RECOMMENDATION**

That the County Council approves the Pay Statement for 2021/22 as referred to in this report and contained at Appendix 1, setting out the County Council's policies in respect of pay accountability for the financial year 2021/22, in accordance with the requirements of the Localism Act.

