



## PAY POLICY STATEMENT FOR THE FINANCIAL YEAR 2012/13

Approved by full Council on xx March 2012

### INTRODUCTION

#### Source and scope of policy statement

This policy statement has been produced in accordance with Sections 38 to 43 of the Localism Act 2011 (the Act), which, from 2012 onwards, require local authorities (not including schools) to publish an annual statement of their policy for the relevant financial year in relation to:

- The remuneration of their most senior employees (which the Act defines as the Head of Paid Service (Chief Executive), the Monitoring Officer, the Chief Officers (or Directors), and the Deputy Chief Officers (i.e. managers who report directly to a Chief Officer));
- The remuneration of their lowest-paid employees; and
- The relationship between the remuneration of their most senior employees and that of other employees.

The Secretary of State has produced guidance on the Act's provisions relating to openness and accountability in local pay, which local authorities must have regard to in preparing and approving their annual pay policy statements, and the Council's statement takes full account of this guidance as well as the provisions of the Act.

It also takes account of:

- The Code of Recommended Practice for Local Authorities on Data Transparency, issued by the Department for Communities and Local Government in September 2011;
- Guidance issued by the Joint National Council (JNC) for Local Authority Chief Executives on pay policy statements, published in November 2011;
- Employment and equalities legislation affecting local authority employers, where relevant.
- The policy statement refers to information which the Council is already required to publish under other legislation, i.e.
- Information on the level of remuneration paid to senior managers, as required by The Accounts and Audit (Amendment No. 2) (England) Regulations 2009; and/or
- Policies on the exercise of its discretions over payments upon termination of employment under the Local Government Pension Scheme, as required by Regulation 66 of the Local Government Pension Scheme (Administration) Regulations 2008; and/or
- Policies on the exercise of its discretions over payments upon termination of employment under the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006, as required by Regulation 7 of those regulations.

#### Status of policy statement

Section 41 of the Act makes it clear that the Council must comply with this pay policy statement during the financial year 2012/13.

The pay policy statement will be reviewed on an annual basis, and a new version of the policy will be approved before the start of each subsequent financial year, which will need to be complied with during that year.

The pay policy statement can also be amended during the course of any financial year, but only by a resolution of the full Council. If it is amended during the year to which it relates, the revised version of the statement must be published as soon as reasonably possible after the amendment is approved by the Council.

### **Transparency and autonomy**

The Council recognises and welcomes the aim behind this pay policy statement to ensure that the authority's approach to pay is accessible for citizens and to enable local taxpayers to take an informed view of whether local decisions on all aspects of remuneration are fair and make the best use of public funds.

It also welcomes the government's recognition that each local authority remains an individual employer in its own right, and, as such, has the autonomy to make decisions on pay that are appropriate to local circumstances and deliver value for money for local taxpayers.

## **SECTION 1: REMUNERATION OF STATUTORY AND NON-STATUTORY CHIEF OFFICERS, DEPUTY CHIEF OFFICERS, AND MONITORING OFFICER**

### **1.1 REMUNERATION COVERED IN THIS SECTION OF THE POLICY**

This section covers the Council's policies in relation to the remuneration of its senior employees, including:

- Its Chief Executive (who is its Head of Paid Service);
- The Strategic Directors, who report to and are directly accountable to the Chief Executive. These Strategic Directors fulfil the roles of statutory Chief Officers (with the exception of the Council's Section 151 Officer), non-statutory Chief Officers and Monitoring Officer;
- The Port Manager;
- The Council's Section 151 Officer, who is also a Head of Service;
- The Heads of Service who report to and are directly accountable to first tier officers; and
- The managers who report to and are directly accountable to the Port Manager.

### **1.2 CONTEXT**

These senior employees are included in this Pay Policy Statement because they are responsible for working with elected politicians to determine the overall strategic direction of the Council, to develop the scale, nature, efficiency and effectiveness of all the services provided by the Council, and to provide day-to-day management of those services.

In relation to other organisations in all sectors across the UK, the Council is a large, complex organisation providing a very diverse range of services. Many of those services are vital to the wellbeing of individuals and groups of residents in the local community, and are delivered in very challenging circumstances, when levels of need and availability of resources to meet them are taken into account.

The Council's senior employees are responsible for:

- 3,937 (excluding schools) employees (equivalent to 3,182 full-time equivalent (FTE) employees) (These numbers are based on the numbers of employees employed on 1 February 2012).
- Services to 200,000 residents within the local community.
- Total Gross Expenditure of £700 million (this was the Council's Total Gross Expenditure in the financial year 2010/11)

- The following services to the local community:
  - Childrens Social Care and Safeguarding
  - Education
  - Cultural Services
  - Planning Services
  - Local Authority Housing
  - Adult Social Care
  - Community Housing and Regeneration
  - Transport and Street Management
  - Asset Management
  - Democratic and Customer Services
  - Community Safety
  - Licensing and Registrars
  - Revenues and Benefits
  
- The following facilities:
  - schools
  - residential care homes
  - day centres
  - libraries
  - leisure centres/swimming pools
  - theatres/arts centres
  - Council-owned houses
  - parks
  - playgrounds
  
- The Council:
  - Is responsible for the education of 22,633 children enrolled at Portsmouth Local Authority Maintained Mainstream schools. Number includes pupils were aged 4 or older on 31 August 2011 at their main or sole enrolment. Number excludes private nurseries, fee paying schools, further education colleges and the University.
  - Deals with 1300 planning applications per year
  - Maintains 298 miles of roads
  - Manages and maintains 760 hectares of open space
  - Is responsible for 274 (excluding respite) looked-after children
  - Licences 759 local pubs and clubs, licences 234 Hackney taxis, 990 private hire vehicles and 1250 private hire car drivers.

The Council has to compete with other employers in the area (and, in many cases, in the country) to recruit and retain managers who are capable of meeting the challenges of delivering this diverse range of services to the required standards. This has an important bearing on the levels of remuneration it offers to its senior employees.

At the same time, the Council is under an obligation to secure the best value for money for its residents and tax-payers in taking decisions on pay levels. The Council believes that, like much of local government and the public sector, it strikes a fair balance between these competing pressures.

In a report on senior pay in the public sector commissioned by the government in 2011, Will Hutton concluded that "Chief Executive Officers of [private sector] companies with [equivalent turnover] earn more than twice their public sector counterparts." He also observed that "The sharp increase in executive pay over the last decade, and the wider trend of growing income inequality, has been largely a private sector phenomenon".

### 1.3 RESPONSIBILITIES OF SENIOR ROLES

To give further contextual information for remuneration levels, the main accountabilities of its Chief Executive and first tier officers are set out below.

#### **Chief Executive**

The Chief Executive is the Council's most senior employee, who leads and takes responsibility for all the work of the Council. It is a full time appointment and post holders are selected on merit, against objective criteria, following public advertisement.

The role of Chief Executive is complex with responsibility for managing expenditure of £700 million of public funds, serving 90,000 households and 200,000 people in the Council's area.

As Head of the Paid Service of the Council's employed staff, the Chief Executive is a non-political post. Whilst the elected councillors provide the policies, Council-paid employees put them into practice. The Chief Executive is responsible to, and accountable to, the Leader of the Council and the other elected councillors to deliver their political and policy objectives.

The Chief Executive works closely with elected councillors to deliver:

**Leadership:** working with elected councillors to ensure strong and visible leadership and direction, encouraging and enabling managers to motivate and inspire their teams;

**Strategic direction:** ensuring all staff understand and adhere to the strategic aims of the organisation and follow the direction set by the elected councillors;

**Policy advice:** acting as the principal policy adviser to the elected councillors to lead the development of workable strategies which will deliver the political objectives set by the councillors;

**Partnerships:** leading and developing strong partnerships across the local community to achieve improved outcomes and better public services for local people;

**Operational Management:** overseeing financial and performance management, risk management, people management and change management within the Council.

The Chief Executive works with a team of strategic directors to deliver these responsibilities:

- **Strategic Director and Director of Childrens Services**  
As well as being part of the Council's strategic management team, this post works with parents, children, schools, city council staff and other agencies to improve the outcomes of all children, and particularly those who are vulnerable or underachieving, who live and attend schools in Portsmouth. It also has responsibility for Audit and Performance Improvement.
- **Strategic Director and Director of Adult Services**  
As well as being part of the Council's strategic management team, this post has a wide range of responsibilities for looking after vital services such as Housing Management, Adult Social Care, Health, Community Safety, Customer, Community and Democratic Services and Revenues and Benefits.
- **Strategic Director and City Solicitor and Monitoring Officer**  
As well as being part of the Council's strategic management team, the role of this post is to ensure that the councillors, as the elected representatives of the city, are able to make the best decisions for the city, within the legal constraints placed upon them. It also has responsibility for Asset Management, ICT, Human Resources, Finance, Legal, Licensing and Registrars. .

- **Strategic Director and Director of Regeneration**  
As well as being part of the Council's strategic management team, this post is responsible for Regeneration and Business, Community Housing, Planning, Environmental Services and Traffic and Transportation.
- **Director of Public Health**  
A joint post with the City Council and Department of Health which contributes to the Council's strategic and service management. As the posts remuneration and other terms are determined by its employer, the Department of Health details are not contained within this pay policy statement. As a joint appointment the City Council contributes towards 50% of the remuneration of this post.

The Strategic Directors exercise their responsibilities through 17 Heads of Service, each of whom is responsible and accountable for all aspects of managing one of the following services:

- Information Services
  - Childrens Social Care and Safeguarding
  - Transforming Education
  - Human Resources
  - Cultural Services
  - Planning Services
  - Local Authority Housing
  - Adult Social Care
  - Community Housing and Regeneration
  - Transport and Street Management
  - Asset Management Service
  - Democratic and Customer Services
  - Community Safety and Health Improvement
  - Audit and Performance Improvement
  - Legal, Licensing and Registrars
  - Revenues and Benefits
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- **Chief Financial Officer (Section 151 Officer)**  
This post has a duty to secure the proper administration of the Council's financial affairs in all its dealings, to exercise of a wide range of delegated powers both formal and informal and holds a fiduciary responsibility to the local taxpayers. The post holder must therefore act in the public interest at all times. This involves overseeing the management of the councils £700m budget. The holder of this post is also a Head of Service, responsible for Financial Services.
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- **Port Manager**  
The Port Manager is responsible for the international port and associated operations, supported by 5 managers who are directly accountable to him.

#### 1.4 OVERALL POLICY ON REMUNERATION FOR SENIOR ROLES

The Council's overall approach to remuneration for its senior employees is based on:

- Compliance with equal pay, discrimination and other relevant employment legislation, plus
- Ensuring that its overall remuneration packages align with market norms for the local government and public sectors, whilst, at the same time, taking account of
  - pay levels in the local area, including neighbouring public sector employers;
  - the relative cost of living in the local area, particularly housing costs;

- the responsibilities and accountabilities of particular posts which may be very demanding.

The Council seeks to maintain this overall approach by taking account of pay data provided by the Joint National Councils (JNCs) for Chief Officers and Chief Executives, the Local Government Association/Employers, and other pay surveys.

In terms of pay differentials, the Council's Job Evaluation Support System (JESS)\* recognises that the post of Chief Executive leads the organisation's workforce and has the greatest level of accountability, and so warrants the highest pay level in the organisation.

At strategic director level, the Council's JESS\* recognises that all its Strategic Directors, together with the Port Manager, have a collective and corporate responsibility for contributing to and delivering the overall strategy of the organisation, and the Council therefore offers the same level of remuneration in respect of all these posts

At Head of Service level, the Council recognises that the demands on and accountabilities of different management roles vary considerably, and seeks to align pay levels with the relative importance and responsibilities of jobs using a process of job evaluation, using its JESS\*

\* This system is used for all posts in the Council and is a factor-based analytical job evaluation scheme designed to measure the relative responsibilities of all jobs accurately and fairly.

### **1.5 THE REMUNERATION OFFERED TO SENIOR EMPLOYEES**

At Chief Executive, Strategic Director, Section 151 Officer and Head of Service level (and for the Port Manager and his direct reports), the Council offers only an annual salary, access to the Local Government Pension Scheme, and the payment of a small number of allowances, details of which are set out below. No other cash benefits or benefits in kind are offered. The Council does not offer performance related payments or bonuses to its senior employees.

All are employed on PAYE taxation arrangements. However in exceptional circumstances e.g. interim appointments, an alternative form of engagement/employment may if appropriate be used.

#### **Annual salaries**

Annual salary levels for senior employees are set in accordance with the overall principles set out in section 1.4, above. At Chief Executive, Strategic Director and Head of Service level, they consist of a grade range which is determined locally by the Council. This grade range consists of a number of incremental salary points, through which employees may progress until the top of the grade is reached.

The current pay ranges are:

Chief Executive	£134,705 to £148,885
Strategic Director	£99,007 to £109,430
Port Manager	£99,007 to £109,430
Section 151 Officer	£72,740 to £80,398
Head of Service (upper band)	£72,740 to £80,398
Head of Service (lower band)	£66,110 to £72,851
Managers reporting to the Port Manager	£54,509 to £72,581

#### **Remuneration of senior employees on recruitment**

The Council's policy is that any newly appointed senior employee will commence employment at the lowest pay point in the pay range for their job, other than in circumstances where it is necessary to pay at a higher point within the range in order to match the salary of their previous post with another organisation. Any decision to appoint a senior employee on a higher pay point within the relevant pay range would be made by the Members Appointment Committee.



### **Pay progression**

Pay progression is by annual increment, payable from 1<sup>st</sup> April. Pay progression is based on the period of time the employee has served in that grade, subject to satisfactory performance.

There is no scope for accelerated progression beyond one increment per annum, or for progression beyond the top of the grade's pay range.

### **Pay awards**

The salaries of senior employees will be increased in line with any pay increase agreed nationally in the Joint National Councils (JNCs) for Chief Executives and Chief Officers, as appropriate for the category of senior manager.

### **Bonuses**

The Council does not pay bonuses to any of its employees.

### **“Earn back” pay**

The Council has carefully considered the suggestions in the Hutton Review of Fair Pay in the Public Sector, published in March 2011, for the introduction of “earn back” pay, whereby a proportion of senior managers' pay would be retained by the employer and only paid if agreed objectives were met. It has decided that, as its policy is not to offer contribution or performance pay, such an approach would not be compatible with its overall pay policy.

### **Market supplements**

The Council recognises that pressures in the national or regional labour market can mean that pay levels for a particular category of senior employee in a particular function (e.g. Information Technology) can be such that the Council's normal pay level would not be sufficiently competitive to enable it to recruit or retain a manager in that function. In that case, the Council's market supplement policy will be applied – see Section 4 - **POLICIES COMMON TO ALL EMPLOYEES.**

### **Local Government Pension Scheme (LGPS)**

The Council offers all its senior employees access to the Local Government Pension Scheme, in accordance with the statutory provisions of the scheme, on the same basis as all of its other employees. Any pension payments made to its senior employees on termination of employment either on grounds of redundancy, in the interests of the efficiency of the service or on grounds of ill health will be made within the statutory terms of the LGPS. The discretions which the Council has agreed to apply under the scheme upon termination of employment are the same for senior employees as for all other employees who are LGPS members. See Section 4 - **POLICIES COMMON TO ALL EMPLOYEES.**

### **Payments on Termination of Employment**

Other than payments made under the LGPS, the Council's payments to managers whose employment is terminated on grounds of redundancy or in the interests of the efficiency of the service will be in accordance with the policy the Council has adopted for all its employees in relation to the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006. See Section 4 - **POLICIES COMMON TO ALL EMPLOYEES.**

Other than payments pursuant to the LGPS (including the exercise of the Council's discretions) or payments in accordance with the Council's policies under the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006, the Council's policy is not to make any other termination payments to its senior employees, other than where it has received specific legal advice to the effect that a payment may be necessary to eliminate risk of claims against the Council.

### **Allowances**

The following allowances are paid to senior employees if they meet the eligibility criteria for them:

- Reimbursement of removal/ relocation costs on appointment
- Honoraria
- Acting-up/additional responsibility payments
- Mileage payments for the use of the employee's own car on Council business
- Subsistence allowance
- Child care vouchers via a salary sacrifice scheme

For details of these allowances, see Section 4 - **POLICIES COMMON TO ALL EMPLOYEES.**

In addition, mobile phones and other telephone/IT equipment and facilities are provided to senior employees on the basis of business need where they are necessary to enable them to undertake their duties effectively. The Council funds the provision of the phone and business calls. Employees are expected to pay for any personal calls.

### **Election fees**

Senior Managers above Head of Service level salaries are inclusive and election fees are not paid.

Where a Head of Service acts as the Deputy Returning Officer the appropriate fee at that time is paid.

## **1.6 RE-ENGAGEMENT OF CHIEF OFFICERS**

### **Re-engagement of senior managers who have left Portsmouth City Council with a severance or termination payment**

#### ***Re-engagement as employees***

(1) Subject to any relevant provisions in employment and equalities legislation, the Council's policy is not to re-employ in any capacity any former Chief Executive, Strategic Director, or Head of Service\* who left the Council for any reason other than compulsory redundancy, and was in receipt of a severance or termination payment. This policy may be varied in exceptional circumstances which are approved by the Council's Members Appointment Committee.

(2) Where a Chief Executive's, Strategic Director's or Head of Service's\* employment has been terminated compulsorily on grounds of redundancy, they will not be re-employed in the same or a similar post for a period of one year following the date of termination of employment. If they are re-employed in another post within four weeks after the effective date of redundancy, they will lose their right to a redundancy payment, including any enhancements under the provisions of the LGPS or the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006. Any re-employment will be subject to the Council following the strict application of the normal process of competitive selection for employment.

(3) Any former Chief Executive or Chief Officer who is employed by Portsmouth City Council who has previously received a severance, termination or redundancy payment from this or any other Council or related body will not have previous service counted when determining any further entitlements to notice periods, sickness payments, annual leave or other benefits/entitlements based on continuous service.

#### ***Re-engagement under a contract for services***

The Council's policy is not to re-engage under a contract for services any former Chief Executive, Strategic Director, or Head of Service\* who left the Council for any reason and was in receipt of a redundancy, severance or termination payment. This policy may be varied in exceptional circumstances which are approved by the Council's Members Appointment Committee.



### **Employment of those in receipt of an LGPS pension**

#### ***General:***

In the unlikely event that the Council employs as a Chief Executive, Strategic Director, or Head of Service\* a person who is in already receipt of a pension under the LGPS, the rules on abatement of pensions adopted by the Council's Administering Authority for the LGPS, pursuant to Regulations 70 and 71 of the the Local Government Pension Scheme (Administration) Regulations 2008, which affect all employees, must be applied. Such persons would only be employed following strict application of the normal process of competitive selection for employment. See Section 4 - **POLICIES COMMON TO ALL EMPLOYEES**.

#### ***Flexible retirement:***

The LGPS regulations permit the Council to offer flexible retirement to eligible employees aged 55 or over, so that they can reduce their hours of work, and receive a pension in respect of the proportion of full-time hours they are no longer required to work. See Section 4 - **POLICIES COMMON TO ALL EMPLOYEES**.

(\* The above policies are also applicable to the Port Manager and his direct reports)

### **1.8 PUBLICATION OF DETAILS OF SENIOR EMPLOYEE REMUNERATION**

In accordance with 39 (5) of the Localism Act, this pay policy statement will be published on the Council's website.

The Council is also required to publish information about the remuneration of senior employees under The Accounts and Audit (England) Regulations 2011, and the Code of Recommended Practice for Local Authorities on Data Transparency, issued under Section 2 of the Local Government Planning and Land Act 1980. This information can be obtained on the Council's website, and the information about the remuneration of senior employees is set out in the Council's annual accounts.

## **SECTION 2: REMUNERATION OF LOWEST PAID EMPLOYEES**

This section sets out the Council's policies in relation to the remuneration of its lowest-paid employees, as defined in this pay policy statement;

### **2.1 ORGANISATIONAL CONTEXT**

The Council considers it is important that its policy with regard to the remuneration of its lowest paid employees is seen within the broader organisational context, in particular, the range and diversity of services for which it is responsible, either directly or indirectly, the number of residents within the local community, the level of its financial responsibilities and the numbers of staff directly employed. See Section 1.2, above, for more information.

### **2.2 OVERALL REMUNERATION POLICY: LOWEST PAID EMPLOYEES**

The Council aims to develop, implement and maintain fair and equitable remuneration arrangements which enable it to recruit, retain, motivate and develop staff with the skills and capabilities necessary to ensure the continued provision of high quality services and which are cost effective and provide value for money.

The Council's remuneration policy complies with all equal pay, discrimination and other relevant employment legislation.

When setting pay levels for specific posts, including those paid at the lowest level, the Council takes account of both internal differentials, as measured by its job evaluation scheme, the Job Evaluation Support System (which is a factor-based analytical job evaluation scheme designed to measure the relative responsibilities of all jobs accurately and fairly) and, where appropriate, external relativities, as measured against the relevant employment market. The

Council aims to ensure its pay rates for specific posts are set at a level which will enable it to recruit and retain staff with the knowledge, skills and capabilities necessary for the particular role.

Furthermore, whilst the Council's pay scales for the majority of its employees are based on the national spinal column for Local Government Services employees, the Council has agreed local amendments to some of the pay points on the Local Government scales. This was done partly to provide increased salaries for its lowest paid employees as part of its commitment to fair pay for its lowest paid employees.

### **2.3 DEFINITION OF LOWEST PAID EMPLOYEES**

The definition of the "lowest-paid employees" adopted by the Council for the purposes of this statement is as follows:

The lowest paid employees within the Council are those employees who are paid on the minimum salary point of the Council's substantive pay structure, i.e. spinal column point 1, within Band 1 of its salary scales.

The Council has had regard to guidance issued by the Local Government Association and JNC for Local Authority Chief Executives in agreeing this definition. See also 2.5, below.

The current annual full-time equivalent value of this pay level, based on a 37-hour standard working week, for the financial year 2011/12 was £12,489.

### **2.4 REMUNERATION OF LOWEST PAID EMPLOYEES**

The remuneration of the Council's lowest paid employees (as defined above) includes the basic annual salary, access to the LGPS and a number of allowances or other similar payments.

#### **Pay structure**

The basic pay of the Council's lowest paid employees comprises a grade range which has been derived from the national pay spine, as set out in the National Joint Council for Local Government Services National Agreement on Pay and Conditions of Service, but with the adjustments referred to in Section 2.2. This grade range consists of a number of incremental salary points, through which employees may progress until the top of the grade is reached.

The current pay range for the lowest paid employees, as defined, is £12,489 to £13,283.

#### **Pay Progression**

Pay progression is by annual increment, payable from 1<sup>st</sup> April. Pay progression is based on the period of time the employee has served in that grade, subject to satisfactory performance.

#### **Annual Pay Review**

The salaries of the lowest paid employees will be increased in line with any pay increase agreed nationally in the National Joint Council (NJC) for local government services employees.

#### **Market Supplements**

Where the Council considers that pay rates for specific posts are insufficient to enable it to recruit and/or retain staff with the required knowledge, skills and expertise, it may authorise the use of market supplements, or other form of enhancement to pay rates, in accordance with the terms of the relevant Council policy. See Section 4 - **POLICIES COMMON TO ALL EMPLOYEES**.

#### **Pension provision**

The Council offers all its employees access to the Local Government Pension Scheme, in accordance with the statutory provisions of the scheme. Any pension payments made to its employees on termination of employment either on grounds of redundancy, in the interests of the efficiency of the service or on grounds of ill health will be made within the statutory terms of the LGPS. The discretions which the Council is able to apply under the scheme upon

termination of employment are the same for all employees. See Section 4 - **POLICIES COMMON TO ALL EMPLOYEES.**

#### **Termination or Severance Payments**

Any termination or severance payments made by the Council to its lowest paid employees, either on grounds of redundancy, in the interests of the efficiency of the service or on grounds of permanent ill-health, will be made in accordance with the statutory terms of the Local Government Pension Scheme, as applicable, or in accordance with the discretions available to it under that Scheme or under the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006, as set out in the relevant policy statements. See Section 4 - **POLICIES COMMON TO ALL EMPLOYEES.**

Other than payments pursuant to the LGPS (including the exercise of the Council's discretions) or payments in accordance with the Council's policies under the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006, the Council's policy is not to make any other termination or severance payments to its lowest paid employees, other than where it has received specific legal advice to the effect that a payment may be necessary to eliminate risk of claims against the Council.

#### **Payments for overtime and non-standard working patterns**

The Council's lowest paid employees may be entitled to the following payments if their work patterns make them eligible

##### ***Overtime or additional hours payments***

Employees who work hours in excess of their contracted hours may be paid an enhanced rate for the hours worked, depending on when the hours are worked, in accordance with the Council's overtime policy. The rates of enhancement vary but the maximum enhancement is double time, with single time off in lieu.

Employees who are contracted to work more than 37 hours on a regular basis, payment for the additional hours will be paid at enhanced rates which vary between time and a half and double time, with single time off in lieu.

The Council regularly reviews the extent of overtime working to ensure that unnecessary costs are not being incurred and to ensure that employees are achieving an appropriate work life balance and that long hours are not having an impact on the employee's health and welfare.

##### ***Bank holiday working payments***

In accordance with the Council's overtime policy, employees who are required to work on a bank holiday will receive single time off in lieu. In addition, employees for whom bank holiday working is not part of their normal working week will be paid an enhanced rate (double time).

##### ***Shift working***

Where shift payments require employees to work irregular hours, they will be paid a percentage increment on basic salary to reflect the degree of disruption to life that a shift pattern causes. These percentage enhancements range from 7.5% to 33% depending in the degree of disruption.

#### **Other elements of remuneration**

The other elements of remuneration which it is the Council's policy to offer to its lowest paid employees (where they meet the eligibility criteria) are set below.

- Reimbursement of removal/relocation costs on appointment
- Honoraria
- Acting up/additional responsibility payments
- Standby and call-out payments

- Mileage rates
- Subsistence allowance
- Child care vouchers via a salary sacrifice scheme

For details of these allowances see Section 4 - **POLICIES COMMON TO ALL EMPLOYEES**.

In addition mobile phones and other telephone/IT equipment and facilities may be provided to any employees on the basis of business need where they are necessary to enable them to undertake their duties effectively. The Council funds the provision of the phone and business calls. Employees are expected to pay for any personal calls.

## **2.5 EMPLOYEES WHO ARE PAID LESS THAN THE COUNCIL'S LOWEST PAID EMPLOYEES, AS DEFINED IN THIS PAY POLICY STATEMENT**

The following categories of employees are paid less than the Council's lowest paid employees, as defined in this pay policy statement:

- Apprentices

The Council applies a lower pay rate and/or different remuneration arrangements to these categories of employees, which reflects the particular nature and/or duration/frequency of their employment.

## **SECTION 3: PAY RELATIONSHIPS**

This section sets out the Council's overall approach to ensuring pay levels are fairly and appropriately dispersed across the organisation, including the current pay multiple which applies within the Authority, and its policy toward maintaining or reaching a specific pay multiple in the future.

The Council believes that the principle of fair pay is essential to the provision of high quality and well-managed services and is committed to ensuring fairness and equity in its remuneration practices. The Council's pay policies, processes and procedures are designed to ensure that pay levels are appropriately aligned with and properly reflect the relative demands and responsibilities of each post and the knowledge, skills and capabilities necessary to ensure they are undertaken to the required standard, as well as taking account of relevant market considerations. This includes ensuring that there is an appropriate relationship between the pay levels of its chief officers, as defined in this pay policy statement, and of all other employees.

The Council has adopted a number of policies and practices to ensure fairness in the overall pay relationships within the Authority. These include:

- Using an analytical job evaluation scheme, the Job Evaluation Support System, to determine the grading of all posts up to and including the Chief Executive;
- Applying a clear and objective methodology for evaluating all new and changed jobs to ensure they are properly graded and that pay levels properly reflect their level of responsibility;
- Establishing a defined procedure for employees who wish to request a review of their job grade
- Providing for additional payments and allowances, with clearly defined eligibility criteria, to recognise and reward any working arrangements or requirements not reflected in basic pay levels;
- Undertaking an equal pay audit at regular intervals, investigating and addressing the outcomes, as appropriate;

Under the provisions of the Code of Recommended Practice for Local Authorities on Data Transparency, issued by the Department for Communities and Local Government under Section 2 of the Local Government Planning and Land Act 1980, the Council is expected to publish its "pay multiple", i.e. the ratio between the highest paid salary and the median salary

of the whole of the local authority's workforce. This multiple, for the financial year ending 31 March 2011 was 6.7.

(The median salary figure is the salary value at which 50% of the salaries which apply to the whole of the local authority's workforce are below that value and 50% are above it. The lowest pay point in the overall salary range which has been used by the Council in calculating the median salary is that which applies to its lowest paid employees, as defined in section 2 of this pay policy statement.)

The Council considers that the current pay multiple, as identified above, represents an appropriate, fair and equitable internal pay relationship between the highest salary and the pay levels which apply to the rest of the workforce. It will therefore seek to ensure that, as far as possible, the multiple remains at its current level.

The Council also considers that the relationship between the base salaries of its highest and lowest paid employees, which is currently a ratio of 12:1, represents an appropriate, fair and equitable internal pay relationship.

## **SECTION 4: POLICIES COMMON TO ALL EMPLOYEES**

The following elements of remuneration are determined by corporate policies or arrangements which apply to all permanent employees of the Council (including its Chief Executive, Strategic Director and Heads of Service and the lowest paid employees as defined above), regardless of their pay level, status or grading within the Council:

### **Market Supplements**

In accordance with its Recruitment and Retention policy, where:

- it is acknowledged that on occasion the total reward package determined by the council's pay and grading system for any post may not be consistent with reward packages offered to comparable posts in the wider labour market and that this could lead to recruitment and retention difficulties; and
- there is a clear business need supported by objective market data, and other approaches have proved ineffective;

The Council will consider paying a market supplement to employees in that post, in addition to the normal reward package. Such payments will be made only in exceptional circumstances and will be in accordance with a clear and consistent framework for the determination of the level of any market supplement payment. Any supplement paid will be temporary, and will be reviewed and monitored on a regular basis (at least every 12 months) and varied or removed where necessary if the market changes.

### **Access to Local Government Pension Scheme**

The Council offers all its employees' access to the Local Government Pension Scheme in accordance with the statutory provisions of the scheme. The employer's contribution rate for employees who join the scheme is currently 13.1% of salary for all employees.

### **Local Government Pension Scheme (LGPS) - discretions on termination of employment**

Any termination or severance payments made by the Council to all its employees, either on grounds of redundancy, in the interests of the efficiency of the service or on grounds of permanent ill-health, will be made in accordance with the statutory terms of the Local Government Pension Scheme, as applicable, and/or in accordance with the discretions available to it under that Scheme.

The Council's policies on the exercise of these discretions under the LGPS are set out in the Early Termination of Employment Payments policy, which it has published in accordance with the requirements of Regulation 66 of the Local Government Pension Scheme (Administration) Regulations 2008. These are available on request.

#### **Payments on Termination of Employment**

Other than payments made under the LGPS, the Council's payments to any employee whose employment is terminated on grounds of redundancy or in the interests of the efficiency of the service will be in accordance with the policy the Council has adopted for all its employees in relation to the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006. This policy (Early Termination of Employment Payments) has been published in accordance with the requirements of Regulation 7 of these regulations and is available on request.

#### **Reimbursement of removal/relocation costs on appointment**

The Council's relocation scheme is to enable financial assistance (within pre-defined limits) to be given to any employee who is required to relocate to the Portsmouth area to take up an appointment in a post deemed 'hard to fill' by the appropriate Head of Service. Only employees newly appointed to permanent posts who reside beyond a 20 mile radius of their new place of work and whose primary reason for relocating to the area is to take up their new appointment with the city council are potentially eligible. To support the council's strategy to reduce traffic in and out of the city, if an eligible employee relocates to a property located within the city boundary they may be reimbursed for up to 100% of the costs of:

- Removal expenses
- Professional fees
- Incidental moving expenses
- Travelling Expenses
- Separation Allowance

If the property is located outside the city boundary, the employee may be reimbursed for up to 75% of the above.

The maximum amount payable to an employee under this scheme is £16,315, plus the cost of removals (based on the cheapest of 3 competitive quotations). In some cases a separation allowance and weekend return travel may be paid.

Employees are required to repay all or some of the financial assistance provided if they leave the Council's employment within 2 years of appointment.

#### **Honoraria**

The Council pays honoraria to any employee only in accordance with its corporate scheme for such payments. This scheme provides that honoraria payments may be made to any employee who undertakes exceptional additional duties unrelated to those of a higher post, for example a special project. Such payments must be approved by a Head of Service and will not normally exceed £999 per annum. The Council does not normally pay honoraria for posts graded above Head of Service level.

#### **Acting-up/additional responsibility payments**

Where employees are required to "act-up" into a higher-graded post and take on additional responsibilities beyond those of their substantive post, for a temporary/time-limited period (which must exceed 4 weeks), they may receive an additional payment in accordance with the terms of the Council's policy. The payment will be based on the percentage of the higher duties and responsibilities undertaken and on the salary that would apply were the employee promoted to the higher post. (i.e. the lowest spinal column point of the higher grade).

#### **Standby and call out allowances**

Any employee who is required to undertake standby and call-out duties will be paid at the following rates for being on standby:



- A standard sum of £15 for every 24-hour (rolling) period starting on a Monday to Saturday.
- A standard sum of £22.50 for every 24-hour (rolling) period starting on a Sunday or a Bank Holiday.

Call-Out payments will be made in accordance with the overtime policy, based on the employee's normal hourly rate, with any appropriate enhancement under that policy.

Standby and call-out allowances are not normally paid to posts graded above band 7 (i.e. to employees earning in excess of £26,276 per annum.)

### **Mileage rates**

The Council compensates employees who are authorised to use their own car, motorcycle or bicycle on Council business, in accordance with the mileage rates set out below:

<b>Cars</b>	<b>45 pence per mile</b>
<b>Motorcycles</b>	<b>24 pence per mile</b>
<b>Bicycles</b>	<b>33.6 pence per mile</b>

### **Subsistence allowance**

The Council reimburses expenditure on meals and accommodation and any other expenses necessarily incurred by employees who have to be away from home on Council business on the basis of actual expenditure incurred, but not exceeding the following levels:

- Accommodation – reasonable costs dependant on location
- Breakfast - £5.75
- Lunch - £7.94
- Tea - £3.13
- Evening Meal - £9.83
- Out of pocket per night - £4.55
- Out of pocket per week - £18.20

### **Child care (salary sacrifice scheme)**

Childcare is available to all employees via the HMRC-approved salary sacrifice scheme. There is no direct subsidy towards childcare costs by the Council.

### **Employment of those in receipt of an LGPS pension**

Where the Council employs any person who is already in receipt of a pension under the LGPS, the rules on abatement of pensions adopted by the Council's Administering Authority for the LGPS, pursuant to Regulations 70 and 71 of the the Local Government Pension Scheme (Administration) Regulations 2008 will apply. These currently provide that the pension paid during a period of re-employment with a LGPS employer will be subject to the abatement rule. The 'abatement rule' is a test to ensure that future earnings from LGPS employers, when added to their pension, will not exceed the salary that they would otherwise have been on had they not retired. Where earnings exceed this level, the employee's pension is abated accordingly. Such persons would only be employed following strict application of the normal process of competitive selection for employment.

### **Flexible retirement**

The LGPS regulations permit the Council to offer flexible retirement to employees aged 55 or over, so that they can reduce their hours of work, and draw a pension in respect of the hours they are no longer required to work. The Council uses this discretion in the same way for all employees. To be eligible for flexible retirement, there must be a clear business case for a new working arrangement whereby a 50% reduction in salary is achieved through either a reduction in hours or grade or a combination of these.

Each case will then be considered on its merits, with consideration given to:

- Pension strain costs (if applicable)
- Ability to meet customer need
- Ability to re-organise work amongst existing staff
- Ability to recruit additional staff
- Impact on service quality Impact on performance (both individually and the team where applicable)

## **SECTION 6: DECISION MAKING ON PAY**

The Council recognises the importance of ensuring openness and transparency and high standards of corporate governance, with clear lines of accountability, in its pay decision-making processes and procedures. Any pay-related decisions must be capable of public scrutiny, be able to demonstrate proper and appropriate use of public funds and ensure value for money. The arrangements adopted by the Council are designed to reflect these requirements, as well as ensuring compliance with all relevant legislation and other statutory regulation.

The provisions of this pay policy statement will apply to any determination made by the Council in the relevant financial year in relation to the remuneration, or other terms and conditions, of a chief officer of the Authority and of its lowest paid employees, as defined in this statement. The Council will ensure that the provisions of this pay policy statement are properly applied and fully complied with in making any such determination.

This pay policy statement has been approved by the full Council of the Authority on .....

Any proposal to offer a new chief officer appointment on terms and conditions which include a total remuneration package of £100,000 or more, which would routinely be payable to the appointee and any benefits in kind to which the officer would be entitled as a result of their employment (but excluding employer's pension contributions), will be referred to the Employment Committee for approval before any such offer is made to a particular candidate.

## **SECTION 7: AMENDMENTS TO THIS PAY POLICY STATEMENT**

This pay policy statement relates to the financial year 2012/13.

The Council may agree any amendments to this pay policy statement during the financial year to which it relates, but only by a resolution of the full Council.

A new policy statement will be agreed by the Council in March 2013 for the financial year 2013/14, a pattern which will be repeated in subsequent years.

## **SECTION 8: PUBLICATION OF AND ACCESS TO INFORMATION**

The Council will publish this pay policy statement on its website as soon as is reasonably practicable after it has been approved by the Council. Any subsequent amendments to this pay policy statement made during the financial year to which it relates will also be similarly published.

The information required to be published by the Council in accordance with the Code of Recommended Practice for Local Authorities on Data Transparency, issued by the Department for Communities and Local Government under Section 2 of the Local Government Planning and Land Act 1980, and in accordance with the requirements of the

Accounts and Audit (England) Regulations 2011, as referred to in this pay policy statement, is available on its website.

The Council's policies in relation to the exercise of discretions under the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006 and under the Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007, as referred to in this pay policy statement, are published in the Council's policy document, Early Termination of Employment Payments, which is available on request.

**For further information about this pay policy statement, please contact the Council as follows:  
*[insert relevant contact details, e.g. email, telephone contact etc.]***