

## **PAY POLICY STATEMENT FOR THE FINANCIAL YEAR 2020/21**

### **INTRODUCTION**

This policy statement has been produced in accordance with Sections 38 to 43 of the Localism Act 2011 (the Act), and is compliant with the Local Government Transparency Code 2014.

The Act requires each local authority to produce a Pay Policy Statement (the 'statement') explaining its approach to the pay of its 'chief officers' and its 'lowest paid' employees and the relationship between the two. The statement has to be published and accessible to the public. The statement must be approved annually before 31 March each year prior to the financial year to which it relates.

### **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 Directors, who report to and are directly accountable to the Chief Executive or any Director who acts in the capacity of Deputy Chief Executive. These Directors fulfil the roles of statutory Chief Officers, Section 151 Officer, and non-statutory Chief Officers;
- City Solicitor and Monitoring Officer (Director - lower band)
- The Port Director;
- The managers who report to and are directly accountable to the Port Director.

#### **1.2 OVERALL POLICY ON REMUNERATION FOR SENIOR ROLES**

The Council's remuneration policy complies with the Equality Act 2010 and other relevant legislation.

The Council's Job Evaluation Support Scheme (JESS) is used when setting pay levels for all posts within the Council. This system is a factor-based analytical job evaluation scheme designed to measure the relative responsibilities of all jobs fairly and accurately.

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

At Chief Executive and Director level (and for the Port Director 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 1.3, above. At Chief Executive and Director 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 pay ranges based on 1 April 2019 (subject to change once the pay 2020 award is agreed) are:

Chief Executive	£142,964 - £158,014
Port Manager	£107,179 to £116,139
Director* (upper band)	£107,179 to £116,139
Director (mid band)	£91,867 to £101,541
Director (lower band)	£78,744 to £87,034
Senior Managers	£72,423 to £78,572

\*This includes any Director (upper band) who also acts in capacity of Deputy Chief Executive as part of their role as Director.

The Council has entered into shared working arrangements with Gosport Borough and Isle of Wight Councils to share senior management and their related statutory functions. All Councils have retained their clear identities as individual councils under this arrangement. Gosport Borough and Isle of Wight Council pay a contribution under this arrangement to Portsmouth City Council. Additional payments are made to these Chief Officers for carrying out the statutory functions under this shared working arrangement. These payments are separate to the level of pay received for performing their duties within Portsmouth City Council - see Section 4 - Honoraria payments.

Other groups of employees are paid in accordance with salaries or salary scales agreed by the relevant national negotiating bodies. These groups include such workers as, NHS workers (statutory transfer from Primary Care Trusts) and those falling within the group of the Soulbury Committee or School Teachers' Pay and Conditions agreements.

### **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. Increments are due on 1 April each year, or 6 months after appointment if less than 6 months in the new grade by 1 April, i.e. an increment is paid after 6 months if the employee is appointed between 1 October and 31 March.

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 Directors- (mid band and above) will be increased in line with any pay increase agreed nationally in line with the Joint National Councils (JNCs) for Chief Executives

and Chief Officers. Directors (lower band) and Senior Managers pay will be increased with any pay increase agreed nationally in line with the National Joint Council (NJC).

Eligibility of Pay awards for TUPE employees will be reviewed on an annual basis as these are not automatically applied in order to preserve the employee's terms and conditions of employment. Employees who TUPE into the Council on existing NJC terms and conditions will continue to receive the NJC pay award applied.

### **Bonuses**

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

### **Other Allowances and Payments**

Other payments and allowances that the Chief Officers may be eligible for are detailed in Section 4 – **POLICIES COMMON TO ALL EMPLOYEES**. This includes Market Supplements, Local Government Pension Scheme (LGPS), Payments on Termination of Employment, Allowances.

### **Election fees**

Returning Officer fees will be paid where there is a statutory entitlement available. This is usually available for General and European Elections, but not local elections. Where a Director acts as the Deputy Returning Officer the appropriate fee at that time is paid.

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

### **2.1 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.

With effect from 1<sup>st</sup> September 2018, the Employment Committee made the commitment to Portsmouth City Council Employees (subject to agreement by governing bodies of schools) to pay the Living Wage rate as set by the independent Living Wage Foundation, subject to review each year. The current annual full-time equivalent value of this pay level, based on a 37-hour standard working week at £9.00 per hour is £17,364.

Assuming Members agree to continue to pay the Living Wage rate as set by the independent Living Wage Foundation, from 1<sup>st</sup> April 2020 this will result in employees\* from SCP1 to SCP2 receiving a minimum hourly rate of £9.30 per hour, with the full time equivalent value of pay, based on a 37 hour standard working week, being £17,942.

(\*The lowest paid does not include Apprentices for whom there are separate pay arrangements).

## **SECTION 3: PAY RELATIONSHIPS**

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 based on data as at 31<sup>st</sup> March 2019. This multiple is 6.6 with a median salary of £23,866 (subject to change pending the 2020 Pay Award).

(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 1:9.1, 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, Directors (including those who act in the capacity as Deputy Chief Executive) and the lowest paid employees as defined above), regardless of their pay level, status or grading within the Council:

### **Market Supplements**

A Market Supplement payment may be made if there is a clear business need, supported by effective market data, where a post is difficult to recruit to or to retain key members of staff, in addition to the normal reward package.

The supplement payment will be made in strict accordance with the Recruitment and Retention Policy and will be reviewed biennially. The full Recruitment and Retention Policy will be provided 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 Director. Full details of the policy can be provided on request.

### **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 the Director for HR where payments will exceed £1,000 per annum.

### **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 appropriate rate and in accordance with the policy. A full copy of the policy can be provided on request.

**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 by HMRC.

**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 and in accordance with the Travel and Subsistence Policy. These allowance rates are set out by HMRC.

**Child care (salary sacrifice scheme)**

Childcare vouchers are available to existing users via the HMRC-approved salary sacrifice scheme. New users will be able to access the Government Tax-Free Childcare scheme. There is no direct subsidy towards childcare costs by the Council.

**SECTION 5: DECISION MAKING ON PAY**

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.

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 Full Council for approval before any such offer is made to a particular candidate.

Additionally, any severance payments over £100,000 are referred to Full Council for approval.

**SECTION 6: AMENDMENTS TO THIS PAY POLICY STATEMENT**

The Council may agree any amendments to this pay policy statement after it has been approved, but only by a resolution of the full Council.

The finalised Pay Policy Statement will be agreed by the Council by end of March 2020 for the financial year 2020/21.

**SECTION 7: 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.