



## NOTICE OF MEETING

<b>Meeting</b>	Employment in Hampshire County Council Committee
<b>Date and Time</b>	Wednesday, 22nd November, 2017 at 2.30 pm
<b>Place</b>	Chute Room, EII Court, The Castle, Winchester
<b>Enquires to</b>	members.services@hants.gov.uk

John Coughlan CBE  
Chief Executive  
The Castle, Winchester SO23 8UJ

## FILMING AND BROADCAST NOTIFICATION

This meeting may be recorded and broadcast live on the County Council's website. The meeting may also be recorded and broadcast by the press and members of the public – please see the Filming Protocol available on the County Council's website.

## AGENDA

### 1. APOLOGIES FOR ABSENCE

To receive any apologies for absence.

### 2. DECLARATIONS OF INTEREST

All Members who believe they have a Disclosable Pecuniary Interest in any matter to be considered at the meeting must declare that interest and, having regard to the circumstances described in Part 3 Paragraph 1.5 of the County Council's Members' Code of Conduct, leave the meeting while the matter is discussed, save for exercising any right to speak in accordance with Paragraph 1.6 of the Code. Furthermore all Members with a Non-Pecuniary interest in a matter being considered at the meeting should consider whether such interest should be declared, and having regard to Part 5, Paragraph 2 of the Code, consider whether it is appropriate to leave the meeting while the matter is discussed, save for exercising any right to speak in accordance with the Code.

### 3. MINUTES OF PREVIOUS MEETING (Pages 5 - 8)

To confirm the minutes of the previous meeting held on 12 July 2017.

**4. DEPUTATIONS**

To receive any deputations notified under Standing Order 12.

**5. CHAIRMAN'S ANNOUNCEMENTS**

To receive any announcements the Chairman may wish to make.

**6. MEMBERS' ALLOWANCES SCHEME FOR 2018/19 & MEMBERS' ALLOWANCES SCHEME FOR 2018/19, 2019/20, 2020/21 & 2021/22**  
(Pages 9 - 22)

To consider a report of the Chief Executive setting out the recommendations of the Independent Remuneration Panel in regard to the Members' Allowances Scheme for 2017/18 together with a Scheme for 2018/19, 2019/20, 2020/21 and 2021/22.

**7. HAMPSHIRE COUNTY COUNCIL PAY STATEMENT - FINANCIAL YEAR 2018/19** (Pages 23 - 38)

To consider a report of the Chief Executive setting out the County Council's pay statement for the financial year 2018/19 for recommendation to the County Council for approval.

**8. LEGISLATION UPDATE** (Pages 39 - 42)

To consider a report of the Director of Corporate Resources providing an update on recent and pending legislative changes

**9. EHCC APPRENTICE PAY FRAMEWORK** (Pages 43 - 50)

To consider a report of the Director of Corporate Resources regarding a new EHCC Apprentice Pay Framework

**10. PAY UPDATE** (Pages 51 - 60)

To consider a report of the Director of Corporate Resources regarding pay in Hampshire County Council

**ABOUT THIS AGENDA:**

**On request, this agenda can be provided in alternative versions (such as large print, Braille or audio) and in alternative languages.**

**ABOUT THIS MEETING:**

**The press and public are welcome to attend the public sessions of the meeting. If you have any particular requirements, for example if you require wheelchair access, please contact [members.services@hants.gov.uk](mailto:members.services@hants.gov.uk) for assistance.**

County Councillors attending as appointed members of this Committee or by virtue of Standing Order 18.5; or with the concurrence of the Chairman in connection with their duties as members of the Council or as a local County Councillor qualify for travelling expenses.

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# Agenda Item 3

AT A MEETING of the Employment in Hampshire County Council Committee of  
HAMPSHIRE COUNTY COUNCIL held at the castle, Winchester on  
Wednesday, 12th July, 2017

Chairman:

\* Councillor Stephen Reid

* Councillor Keith Evans	Councillor Keith House
* Councillor Christopher Carter	* Councillor Roy Perry
Councillor Adrian Collett	* Councillor Stephen Philpott
* Councillor Judith Grajewski	* Councillor Jackie Porter

\*Present

## 1. APOLOGIES FOR ABSENCE

Apologies were received from Councillors Adrian Collett and Keith House.

## 2. DECLARATIONS OF INTEREST

Members were mindful that where they believed they had a Disclosable Pecuniary Interest in any matter considered at the meeting they must declare that interest at the time of the relevant debate and, having regard to the circumstances described in Part 3, Paragraph 1.5 of the County Council's Members' Code of Conduct, leave the meeting while the matter was discussed, save for exercising any right to speak in accordance with Paragraph 1.6 of the Code. Furthermore Members were mindful that where they believed they had a Non-Pecuniary interest in a matter being considered at the meeting they considered whether such interest should be declared, and having regard to Part 5, Paragraph 2 of the Code, considered whether it was appropriate to leave the meeting whilst the matter was discussed, save for exercising any right to speak in accordance with the Code.

## 3. MINUTES OF PREVIOUS MEETING

The minutes of the last meeting were reviewed and agreed.

## 4. DEPUTATIONS

There were no deputations on this occasion.

## 5. CHAIRMAN'S ANNOUNCEMENTS

The Chairman welcomed new Members of the Committee and extended thanks to the former Members of the Committee for the work they had done. For the benefit of new Members, the Chairman summarised the remit of the Committee.

## 6. PAY, POLICY AND LEGISLATION UPDATE

The Committee considered the report of the Director of Corporate Resources (Item 6 in the Minute Book) outlining the likely impact on the EHCC pay framework arising from the projected increase to the National Living Wage (NLW) and updates on the latest position with Government policy changes.

### EHCC Pay Framework

For the benefit of new Members of the Committee, the Head of HR and Workforce Development provided some background to the latest position and drew attention to the summary set out in section 2 of the report together with the impact on the EHCC framework, as set out in section 3 of the report. Attention was also drawn to key tables at paragraph 5.2 illustrating the pressures over time on the pay framework resulting from the NLW (projected to reach £9 per hour by 2020), and at paragraph 5.4 illustrating an option to manage the impact of the NLW whilst maintaining a pay step in each of the grades in the pay framework.

During the course of discussion, Members acknowledged the complexity of the pay structures, the uncertainty of the national landscape and the additional financial burdens arising, for which there was unlikely to be any central government support. Whilst some concern was raised regarding the loss of steps within grades and the resulting impact, it was recognised there was not a lot of room for manoeuvre. It would be important going forward for the Council to be involved in negotiations at the national level, albeit it was recognised that any proposal to move away from the national pay framework would also have implications for the Council's financial position.

### Apprenticeship Pay

Members noted that a project team had been established to ensure that the County Council and schools can take full advantage of the Apprenticeship Levy that was introduced in April 2017. One element of that project is to review the existing pay structure for apprentices. It was further noted that work was progressing with departments and schools and an update would be brought to the next meeting of the Committee.

### Mandatory Gender Pay Gap Reporting

Members noted that a requirement exists for employers in the public sector with more than 250 employees to report annually on the gender pay gap. The first report is to be published by 31 March 2018.

Work to analyse the snapshot of data as at 31 March this year was progressing well. Members noted the reporting timeline set out in paragraph 13.2 of the report, which had been set to take account of SAP updates and to facilitate reporting to the EHCC Committee at their March meeting.

## Update on employment legislation

This update covered the £95K exit payment cap on the total value of an exit payment made to an individual and public sector exit payments recovery for those earning £80,000 or more who return to the public sector within 12 months.

Members noted that neither of the above are yet in force and a definitive timescale for implementation of the legislation is still awaited, albeit that work is in hand for an anticipated implementation date of 1 October 2017.

It was further noted that there was no progress to report regarding the outcome of three government consultations: simplification of tax on termination payments, a fair deal for public sector pensions, and teachers' pensions.

RESOLVED:

The EHCC Committee:

### **EHCC Pay Framework:**

- a) Agreed a presumption of 1% for A-G as an outcome to the pay review, except where this is superseded by the requirements to achieve the NLW, and progress to prepare to implement, including the potential to review the number of steps within grades.
- b) Agreed the presumption of 1% for H and above as a continuation and progress to implement.
- c) Noted that the above are all contained within the financial envelope available within the budget.
- d) Noted the work underway at a national level and the potential impact that this may have on the EHCC Pay Framework, the outcome of which is currently uncertain.
- e) Agreed that the Council has the authority to make representation in order to influence national negotiations in line with the assumptions made in the MTFs (as set out in (a) and (b) above) and to note the timeline and implications associated should the national outcome mean that the Council would be required to consider moving to local pay bargaining (detailed in section 11 and not the preferred option).
- f) Agreed to receive regular updates.

### **Apprentices:**

- g) Noted the work that is happening to review the current pay strategy for apprentices.

### **Mandatory Gender Pay Gap Reporting:**

- h) Noted the timelines for publication of data.

**Legislation:**

- i) Noted the delayed implementation of legislation.

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Chairman,

## HAMPSHIRE COUNTY COUNCIL

### Decision Report

<b>Decision Maker:</b>	Employment in Hampshire County Council Committee
<b>Date:</b>	22 November 2017
<b>Title:</b>	Members' Allowances Scheme for 2017/18 and Members' Allowances Scheme for 2018/19, 2019/20, 2020/21 and 2021/22
<b>Report From:</b>	Director of Transformation and Governance

**Contact name:** Barbara Beardwell – Head of Law & Governance & Monitoring Officer

Debbie Vaughan – Head of Democratic & Member Services

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#### 1. Executive Summary

- 1.1. The legislative framework governing the payment of Members' Allowances is set out in the Local Authorities (Members' Allowances) (England) Regulations 2003 ('the Members Allowances Regulations').
- 1.2. Under the provisions of the Members' Allowances Regulations, the County Council is required each year to make a Members' Allowances Scheme. The Members' Allowances Scheme needs to make provision for payment of Basic Allowances, Special Responsibility Allowances ("SRA's") Dependents' Carers' Allowances, Travelling and Subsistence Allowances, and Co-optees Allowances. Once a Members' Allowances Scheme is made for any year it may be amended during the year in question in accordance with the Members' Allowances Regulations. It is also possible under the Members' Allowances Regulations for any amendment to the Members' Allowances Scheme to be backdated to the beginning of the financial year in which any such amendment is made.
- 1.3. By virtue of the Members' Allowances Regulations, before the County Council can make or amend a Members' Allowances Scheme, it is required to have regard to recommendations made in relation to it by an Independent Remuneration Panel ("IRP"). In this regard the IRP met on 10 October 2017. Minutes of the IRP meeting, and the recommendations of the IRP are appended to this report.

## **2. Amendment to Members' Allowances Scheme 2017/18**

### **2.1 Recommendations of the Independent Remuneration Panel**

- a) That the SRA for the position of Assistant to the Executive – Rural Affairs Champion remain at £4,345 per annum being 25 per cent of an Executive Cabinet Member SRA, to be reviewed in 12 months time.**
- b) That the IRP support a change of title for this position to reflect the new direction of the role to Assistant to the Executive – Rural Communities and Parish Council Lead Member.**
- c) That the SRA for Minority Group Spokespersons remains in line with the formula adopted by the full Council on 20 February 2014, subject to review in the future and on submission of a business case evidencing how the role has developed.**

### **2.2 Consideration of IRP Recommendations**

#### **Assistant to the Executive – Rural Affairs Champion**

- 2.2.1.** As Members of the EHCC Committee will recall, this was a new post established by the County Council at its Annual General Meeting on 22 May 2015. Consideration was given by the IRP at its meeting on 14 October 2015 as to whether this post should attract an SRA, and if so an appropriate amount. The recommendation of the IRP which was supported by the EHCC Committee, and agreed by full Council as an amendment to the existing Members' Allowances Scheme, was that an SRA be payable for the role, backdated to the date of the 2015 AGM, in the sum of £4,345 per annum (being 25% of the SRA for an Executive Member), but that this should be reviewed in twelve months time as the role developed.
- 2.2.2.** In reviewing the role and SRA at its meeting on 10 October 2017, the IRP had received detailed information on the role and its development, which is reflected in the Minutes of the IRP meeting attached as Appendix 1 to this report.
- 2.2.3.** In particular the IRP noted the leading role this position has in the development of closer working with Hampshire's 264 Parish and Town Councils in terms of new and effective ways to sustain services and support, at a local level, in the face of ongoing budget reductions. An amendment to the title of the position to reflect the importance of this partnership working, as detailed in recommendation b) above was supported by the IRP.
- 2.2.4.** The view of the IRP was that there should be no change to the amount of the SRA at this time, but that this should be considered further in twelve months time.

## **Minority Group Spokespersons SRA**

- 2.2.5. The IRP considered a request to review the Minority Group Spokespersons Allowance in light of changes to the political composition of the County Council following its Elections in May 2017. The IRP had recommended a formula be applied to calculate the SRA for Minority Group Spokespersons in 2013 to future proof when changes to the political composition of the Council occurred. The formula was adopted by the County Council on 20 February 2014. The IRP were of the view that this SRA remains in line with the formula adopted by the County Council and that the SRA could be reviewed in the future on submission of a business case evidencing how the role has developed since the formula was introduced.

## **3. Members' Allowances Scheme 2018/19, 2019/20, 2020/21 and 2021/22**

### **3.1. Recommendations of the Independent Remuneration Panel**

- a) **That an SRA of £675 per annum be payable to the Co-opted Scheme Member Representatives of the Hampshire Pension Fund Panel and Board from 1 April 2018.**
- b) **That the Basic Allowance and Special Responsibility Allowances payable to Members be increased in line with any nationally agreed pay award for staff (if any) from 1 April 2018 and thereon annually for 2019/20, 2020/21 and 2021/22.**
- c) **That reimbursement reflecting the actual cost incurred be payable in regard to Childcare and Dependents' Carers' Allowances in accordance with the County Council's payment processes.**

### **3.2 Consideration of of IRP Recommendations**

#### **SRA Co-opted Scheme Member Representatives – Hampshire Pension Fund Panel and Board**

- 3.2.1. Consideration was given by the IRP as to whether the Co-opted Scheme Member role should attract an SRA. It was noted that since the previous Pension Fund Panel now constitutes a joint Pension Fund Panel and Board, the workload both in terms of time commitment and complexity had increased. The IRP had information on the role and its responsibilities, which is included as an Annex to the IRP Minutes. It was noted that currently an SRA of £675 was payable to Co-opted Members of the Children and Young People Select (Overview and Scrutiny) Committee, to Co-opted Members of the Police and Crime Panel, to Independent Members under the Localism Act 2011, and to IRP Members. The IRP were of the view that an SRA should be payable to Co-opted Scheme Members of the Hampshire Pension Fund Panel and Board, and that an appropriate amount was £675 per annum, in line with that amount currently payable to other Co-opted Members. Should the recommendation of the IRP be accepted this would provide consistency in SRA's payable to Co-opted non-elected Members of the County Council.

## **Members' Allowances Scheme 2018/19, 2019/20, 2020/21 and 2021/22**

- 3.2.2. Consideration was given by the IRP as to whether, as for the previous four years, the County Council should adopt a Members' Allowances Scheme to run for four years, with an annual adjustment by reference to an index specified by the County Council. This is possible under the provisions of the Members' Allowances Regulations, and means that while a Members' Allowances Scheme providing for an annual adjustment of allowances is in force, it is unnecessary for the County Council to specifically consider the Scheme again during that period. It does however remain possible for the Scheme to be amended from time to time to take account for example of new/revised roles or responsibilities. The recommendation of the IRP was that a Members' Allowances Scheme should be made for four years with an annual adjustment of allowances in line with the pay award for staff (if any). It is suggested that any pay award be linked to the lowest rate increase payable to the 'Senior Manager' cohort which comprises Grade H and above. In making their recommendation, the IRP noted that both Basic Allowances and SRAs had been frozen for eight years at 2009 levels.
- 3.2.3. As Members of the EHCC Committee will be aware, over the last few years, when considering whether or not there should be an adjustment to the Members' Allowances Scheme, the County Council has aimed, in the interests of efficiency, to 'future proof' decisions made so as to take account of future circumstances and variations in the political make-up of the Council. Examples of this are Minority Group Leaders' Allowances and Minority Group Spokespersons' Allowances, which are now set accordingly to a formula based on the numbers in any Minority Group on the County Council and adjusted up (or down) depending on the numbers in a political group at any specific time. By adopting a four year scheme by reference to an annual adjustment, this follows a similar approach.
- 3.2.4. Should the recommendation of the IRP be agreed, it is considered that it would be sensible for consistency to adopt a similar approach in respect of SRAs and allowances payable under other legislation, including allowances for the Chairman and Vice-Chairman of the Council, Independent Members and IRP Members, and that in future these should be adjusted in line with any adjustment to allowances under the Members' Allowances Scheme.

### **Childcare and Dependents' Carers Allowances**

- 3.2.5. Currently Childcare and Dependents' Carers Allowances are payable under the Members' Allowances Scheme at the rate of £6.00 per hour for childcare, and £8.00 per hour for dependents' carers. These allowances have remained unchanged for several years. The recommendation of the IRP is that these allowances should be reviewed taking account of individual cost. This however presents a difficulty in applying an appropriate level of control of public funds and administering reimbursement. Should Members of the EHCC Committee consider that there should be a review of these allowances then a more efficient and transparent approach would be to adjust the set hourly rates payable under the Members' Allowances Scheme to an amount reflective of current costs. It is therefore suggested that these allowances be linked to the

National Living Wage (at the aged 25 and over rate, currently £7.50 per hour) payable for dependent children up to the age of 16 and, in respect of both allowances, when the carer is someone other than a family member.

Should this approach be agreed, it would be possible to 'future proof' these too in line with any adjustment to the Members' Allowances Scheme generally going forward.

#### **4. Next Steps**

- 4.1. Amendment of the Members' Allowances Scheme for 2017/18, if appropriate, and the Members' Allowances Scheme for 2018/19, 2019/20, 2020/21 and 2021/22 recommended by the EHCC Committee will be considered by the County Council at its meeting on 22 February 2018.

#### **5. Claims and Payments of Members' Allowances**

- 5.1 As Members of the EHCC Committee will be aware, following the elections in 2017 all expenses must be claimed via ESS Lite for Councillors within three calendar months of the date the expenses are incurred. Some confusion has arisen as the procedure for ESS Lite, which is also applicable to staff, requires that claims must be submitted within three months including the month expenses are incurred. It is therefore considered sensible that for clarity the procedure for Members and Officers should be one and the same and that all expenses should be claimed via ESS Lite within three months calculated from the beginning of the month in which the expenses are incurred.

#### **6. Recommendations**

- a) That the EHCC Committee recommend to the County Council that approval be given to amendment of the Members' Allowances Scheme for 2017/18, if appropriate, and to a Members' Allowances Scheme for 2018/19, 2019/20, 2020/21 and 2021/22, which takes into account the recommendations of the Independent Remuneration Panel and the views of the EHCC Committee.
- b) That the proposal in regard to clarification of the procedure for claiming Members' expenses referred to at paragraph 5.1 is agreed.

**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 requirements of the Members' Allowances Regulations.**

**Other Significant Links**

<b>Links to previous Member decisions:</b>	
<u>Title</u>	<u>Date</u>
Amendments to the Members' Allowances Scheme 2015/16 – County Council	7 January 2016
Amendments to the Members' Allowances Scheme 2013/14 and Members' Allowances Scheme 2014/15, 2015/16, 2016/17 and 2017/18 – County Council	20 February 2014
<b>Direct links to specific legislation or Government Directives</b>	
<u>Title</u>	<u>Date</u>
Local Government and Housing Act	1989
The Local Authorities (Members' Allowances) (England) Regulations	2003

**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.)**

<u>Document</u>	<u>Location</u>
None	

## **IMPACT ASSESSMENTS:**

### **1. Equality Duty**

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:**

- ) The need to remove or minimise disadvantages suffered by persons sharing a relevant characteristic connected to that characteristic;
- a) Take steps to meet the needs of persons sharing a relevant protected characteristic different from the needs of persons who do not share it;
- b) 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.

### **1.2. Equalities Impact Assessment:**

Equality objectives have been considered and no adverse impact identified.

### **2. Impact on Crime and Disorder:**

2.1. These proposals will have no impact on crime and disorder.

### **3. Climate Change:**

a) How does what is being proposed impact on our carbon footprint / energy consumption?

No impact has been identified.

b) 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.

## APPENDIX 1

AT A MEETING of the INDEPENDENT REMUNERATION PANEL of the County Council held at The Castle, Winchester on 10 October 2017.

PRESENT:  
Roger Farrall (Chairman)

\* Julia Abbott  
\* Richard Kinch

\* David Heck

\* Present

In attendance: Councillors Geoff Hockley and Keith House.

### 1. **APOLOGIES FOR ABSENCE**

No apologies had been received as all members of the Panel were present.

### 2. **DECLARATIONS OF INTEREST**

None.

### 3. **CHAIRMAN'S ANNOUNCEMENTS**

The Chairman welcomed everyone to the meeting.

### 4. **AMENDMENT TO THE MEMBERS' ALLOWANCES SCHEME FOR 2017/18**

Review of the Special Responsibility Allowance for the position of Assistant to the Executive – Rural Affairs Champion

At its meeting on 14 October 2015 the Panel considered a Special Responsibility Allowance (SRA) for the position of Assistant to the Executive – Rural Affairs Champion and recommended an SRA of £4,345 per annum being 25% of the SRA for an Executive Cabinet Member. The Panel further recommended that the SRA be reviewed in 12 months time. It was felt timely to review the SRA following the County Council's Election in May 2017 and the setting up of the new Administration.

Information about the position, outcomes achieved and how it had developed since its inception had been provided to the IRP as summarised below. The Chairman invited John Tickle, Assistant Director in the Culture, Communities and Business Services department to expand on this information and answer the Panel's questions.

The Panel noted the key functional areas of the Rural Affairs Champion as set out below:

- directly supports and advises the Leader and Cabinet on the development of rural policy, innovative pilot projects, grant awards and joint funding initiatives to sustain strong and vibrant rural communities across the County
- develops and maintains links with key organisations such as the Local Enterprise Partnerships, HALC (Hampshire Association of Local Councils - parish and town councils), National Park Authorities, and other bodies such as Action Hampshire, the Country Landowners Association and Campaign to Protect Rural England
- actively Represents Hampshire County Council on key bodies such as the HALC Board, Hampshire Rural Forum and the statutory Hampshire Countryside Access Forum to further the opportunities and interests of rural communities across the county
- promotes Hampshire County Council's rural estate and associated partnerships as a key contribution to both the land based sector and economic development across the county
- provides rural 'proofing' advice in relation to the impacts of County Council policy and service delivery developments linked to the extensive programme of transformation and change operating across all departments within the organisation
- leading role in the development of closer working with Hampshire's 264 Parish and Town Councils in terms of new and effective ways to sustain services and support, at a local level, in the face of ongoing budget reductions

together with a summary of key rural programme delivery outcomes during 2016/17:

- updated Socio-economic profile of rural Hampshire – production of an updated evidence base to help inform decision making and the targeting of scarce resources (approximately 80% of Hampshire is defined as rural – and it contains about 25% of the population)
- New Hampshire Rural Forum – successful re-establishment of the Forum in June 2016 bringing together 60 organisations, groups and individuals with an interest in rural Hampshire to raise awareness and understanding of rural issues and find solutions (e.g. rural crime – involvement in the Police and Crime Commissioner's 'rural communities matter' conferences). The role holder is the County Council representative on the Forum and Lead Member for the

## County Council on its future development

- consolidation of grants – launch of a revised grant scheme, the Rural Communities Fund, to help rural communities access small scale funding
- close working with Adults' Health and Care to ensure continued support for the Village Agents at a time of transformational change; examination of future initiatives to provide innovative solutions to the major challenge around Adult social care in rural areas whilst ensuring the role delivered by the village agents is maintained where appropriate
- supporting crime prevention and reduction through the Countryside Service and Country Watch joint-working initiative – partnership established between Hampshire Constabulary's Country Watch Team and the County Council's Countryside Service including the branding of Countryside Service vehicles with the Country Watch logo and the start of a closer working relationship between Country Watch Officers and Countryside Rangers

The Panel further noted that during 2016/17 £557,000 had been committed to boost initiatives delivering benefits/solutions in rural areas, many of which had attracted match funding. Some examples of initiatives supported by, and overseen by the Rural Affairs Champion include: external grant schemes (Community Challenge Fund, Flood Alleviation Grants, and Rural Retailers and Community Enterprises Scheme and overseeing an annual budget of £200,000); Hitting the Cold Spots (focussing on vulnerable adults in rural areas) and Parish Lengthsmen, a very popular scheme, which through a £30,000 contribution from the rural budget to add to the highways contribution, enabled extension of the Scheme to include rights of way.

During the course of discussion the IRP recognised the position to be a valuable one and had been well executed by the current role holder. However having considered the current scope of the role, the IRP did not feel that the role had significantly changed or sufficiently developed to warrant an increase to the SRA at this stage. However, if in light of further developments or the budget overseen by the Rural Affairs Champion were to grow, the IRP would review the position again.

### Minority Group Spokespersons SRA

The IRP considered a request from Councillor House to review the SRA for the position of Minority Group Spokesperson in light of changes to the political composition of the County Council following its Elections in May 2017. The IRP confirmed that arising from their meeting held on 23 September 2013 they had recommended a formula be applied to calculate the SRA for Minority Group Spokespersons, being 20% of the SRA payable

to Executive Cabinet Members (currently £17,379 thus £3,476) when a Minority Group comprises of eight or more Members plus £100 per Member of the Group. This approach had been in line with that taken for the SRA for Minority Group Leaders for which a formula also applies and had been recommended to future proof these positions going forward whatever the political composition might be. The IRP's recommendation was considered by the Employment in Hampshire County Council (EHCC) Committee on 12 November 2013, recommended to the County Council on 20 February 2014 and approved. The IRP considered that a review of the current formula for Minority Group Spokespersons could be carried out next year on the submission of a business case evidencing how the role had changed and/or developed since the formula had been introduced.

RESOLVED:

- a) That the SRA for the position of Assistant to the Executive – Rural Affairs Champion remain at £4,345 per annum being 25 per cent of an Executive Cabinet Member SRA, to be reviewed in 12 months time.
- b) That the IRP support a change of title for this position to reflect the new direction of the role to Assistant to the Executive – Rural Communities and Parish Council Lead Member.
- c) That the SRA for Minority Group Spokespersons remains in line with the formula adopted by the County Council on 20 February 2014, subject to review in the future and on submission of a business case evidencing how the role has developed.

## **5. MEMBERS' ALLOWANCES SCHEME TO TAKE EFFECT FROM 1 APRIL 2018**

The current Members' Allowances Scheme expires on 31 March 2018 and in accordance with Regulation 21 of the Local Authorities (Members Allowances) (England) Regulations 2003 had given consideration to a Scheme to take effect on 1 April 2018.

The Chairman confirmed that during the course of their work, the IRP had taken account of other Councils' Schemes and had attended a meeting of the SE Region IRPs. The approach of the IRP had been to recommend a Members' Allowances Scheme that was fit for purpose and robust. The introduction of formulas for the calculation of SRAs payable to Minority Group Leaders and Minority Group Spokespersons had been effective and operating a Scheme over a four-year period had provided continuity and assisted financial planning.

## Hampshire Pension Fund Panel & Board – SRA for Co-opted Member Scheme Representatives

The IRP considered a request to introduce an SRA for the Co-opted Scheme Member Representatives on the Hampshire Pension Fund Panel and Board. Background information is attached as an Annex to these Minutes. The IRP supported this request and proposed that the SRA be the same amount paid to other Co-opted Member roles, being £675 per annum, payable from 1 April 2018.

### Basic Allowance and Special Responsibility Allowances

The IRP proposed that the basic allowance and SRAs payable to Members, Co-opted Members and allowances payable under other legislation be increased in line with any nationally agreed pay award for staff from 1 April 2018 and thereon annually for 2019/20, 2020/21 and 2021/22. The IRP were mindful that the basic allowance and the majority of SRAs had been frozen at the 2009/10 level for the last eight years and had therefore not kept pace with inflation. In terms of succession planning and attracting individuals to become a Councillor, the IRP highlighted the importance of operating a Scheme that made provision for sensible increases particularly as some Councillors may give up some form of paid employment to take on this important role.

### Childcare and Dependents' Carers' Allowances

The IRP had reviewed the current allowances for Childcare and Dependents' Carers' and were of the view that a move away from fixed amounts to allow Members to claim actual costs would be more appropriate to reflect the variance of these costs across the County.

#### RESOLVED:

- a) That an SRA of £675 per annum be payable to the Co-opted Scheme Member Representatives of the Hampshire Pension Fund Panel and Board from 1 April 2018.
- b) That the basic allowance and SRAs payable to Members, Co-opted Members and allowances payable under other legislation be increased in line with any nationally agreed pay award for staff from 1 April 2018 and thereon annually for 2019/20, 2020/21 and 2021/22.
- c) That a reimbursement reflecting the actual cost incurred be payable in regard to Childcare and Dependents' Carers' Allowances in accordance with the County Council's payment processes.

## **Hampshire Pension Fund Panel & Board – SRA for Co-opted Scheme Member Representatives**

The joint Hampshire Pension Fund Panel and Board meets at least six times a year and is responsible for both the management and scrutiny of the operation of the Hampshire Pension Fund. Hampshire's arrangement to operate a joint Panel and Board, as approved by the Secretary of State, is one of only two joint Panel and Boards in the country. It is a complex area of work with a high level of collective responsibility attached to it and requires time and commitment from all of its members. As at 31 March 2017 the Pension Fund had over 160,000 scheme members and investments worth over £6.3bn.

The Scheme Member representatives on the Panel and Board are co-optees appointed by the Full Council and have full voting rights on all matters at meetings including administration, governance and investment decisions. Currently there are three full Co-opted Scheme Representatives (active, deferred and pensioner) together with one Substitute, the position for which is vacant (a recruitment drive will commence in the autumn) who are independent members of the public and receive no remuneration for the work they do. Benchmarking against the 10 other authorities in the Pension Fund Pool that Hampshire is part of (Cambridgeshire, East Sussex, Essex, Hertfordshire, Isle of Wight, Kent, Norfolk, Northamptonshire, Suffolk and West Sussex) confirms that travel and subsistence expenses only are paid.

However, the above is not a like-for-like comparison, as all these authorities have separate Pension Boards to their Pension Committees, therefore arguably what Hampshire asks from its members of the joint Panel and Board both in terms of meeting attendance and training is far greater than if they were just members of a separate Pension Board.

Members of the Joint Panel and Board must have knowledge and understanding of the law relating to pensions and in addition to the administration of the Fund and how it is invested. In order to achieve this, the members of the Joint Panel and Board will undertake individual training needs analyses against the requirements of CIPFA's Pension Finance Knowledge and Skills Framework. Members then participate in a range of training activities, including internal training events, conferences and seminars hosted by Investment Managers and other Pension Fund suppliers, and on-line learning. Co-opted Scheme Member Representatives must undertake the same training as all other members, including the Substitute Member and has responsibility for building up and expanding their level of knowledge.

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## HAMPSHIRE COUNTY COUNCIL

### Decision Report

<b>Decision Maker:</b>	Employment in Hampshire County Council Committee
<b>Date:</b>	22 November 2017
<b>Title:</b>	Hampshire County Council Pay Statement – Financial Year 2018/19
<b>Report From:</b>	Chief Executive

**Contact name:** Barbara Beardwell, Head of Law & Governance and Monitoring Officer

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#### 1. Executive Summary

- 1.1. 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.
- 1.2. 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.
- 1.3. 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 2018/19 is attached at Appendix A to this report.

#### 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.
- 3.3. The Guidance and the Supplementary Guidance also recommend that full Council should be offered the opportunity to vote before a salary or severance package of £100,000 or more is offered to any new Chief Officer appointee, or Chief Officer leaving the County Council.

#### **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'. 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 four categories as set out below, and referred to at paragraphs 23–26 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 four categories are:
  - a) the Head of Paid Service
  - b) Statutory Chief Officers and Non-Statutory Chief Officers
  - c) Deputy Directors, and
  - d) the Monitoring Officer, the Assistant Chief Executive, Assistant Directors and Heads of Service falling within the definition of '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. For practical business reasons, and to remain in line with the Constitution, it is proposed that, as per the case in the 2017/18 Pay Statement, the EHCC Committee continue to exercise this responsibility with regard to all Chief Officer salaries 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 salaries 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. In specific cases, salaries connected with future Chief Officer appointments will be in excess of £100,000. This function was delegated to EHCC Committee by the County Council at its meeting on 16 February 2017. It is recommended again for practical business reasons that the County Council should agree that the EHCC Committee determine remuneration in respect of all future Chief Officer appointment arrangements or changes to Chief Officer remuneration after appointment in accordance with the policies set out in the Pay Statement. It is also recommended for practical business reasons that the County Council should agree that EHCC Committee be responsible for approval of any severance packages in respect of Chief Officers leaving the County Council.
- 4.5. As Members of the EHCC Committee will recall the national pay award in 2016 was for a two year period of 1% per year, but with some higher increases at the lower end of the National Joint Committee (NJC) pay scales. (County Council Grades A-C). It should be noted that the 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 2017, and cover the period to 31 March 2018. Pay categories for Chief Officers referred to at paragraphs 23 to 26 of the Pay Statement are also as per April 2017 and cover the period to 31 March 2018. The question of a pay award for staff for 2018/19 has not yet been determined. This will be considered in due course nationally for staff on Grades A – G, and by the EHCC Committee for staff on Grades H and above. Should there be a pay award for staff for 2018/19, the table at Annex 1 and Paragraphs 23 – 26 of the Pay Statement, will be up-dated accordingly. The table will also be updated if required to reflect any changes to pay and number of steps at Grade A in consequence of the impact of the National Living Wage on this Pay Grade.

## **5. Recommendations**

- 5.1. 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 2018/19 in accordance with the requirements of the Localism Act,
- 5.2. That the EHCC Committee recommends to the County Council that it 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, any changes to Chief Officer salaries after appointment and any severance packages for Chief Officers leaving the County Council, in accordance with the Pay Statement.

- 5.3. 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 salaries of staff determined prior to consideration of the Pay Statement by full Council.

**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**

<b>Links to previous Member decisions:</b>	
<u>Title</u>	<u>Date</u>
Hampshire County Council Pay Statement Financial Year 2012/13	23 February 2012
Hampshire County Council Pay Statement Financial Year 2013/14	21 February 2013
Hampshire County Council Pay Statement Financial Year 2014/15	20 February 2014
Hampshire County Council Pay Statement Financial Year 2015/16	19 February 2015
Hampshire County Council Pay Statement Financial Year 2016/17	18 February 2016
Hampshire County Council Pay Statement Financial Year 2017/18	16 February 2017
<b>Direct links to specific legislation or Government Directives</b>	
<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.)**

<u>Document</u>	<u>Location</u>
None	

## **IMPACT ASSESSMENTS:**

### **1. Equalities Impact Assessment:**

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.

1.2. Equalities have been considered and no adverse impact identified.

### **2. Impact on Crime and Disorder:**

2.1. The proposals will have no impact on crime and disorder

### **3. Climate Change:**

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

No impact has been identified.

- b) 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.

## **Hampshire County Council Pay Statement Financial Year 2018-19 (Draft)**

1. The purpose of this Pay Statement (“Pay Statement”) is to set out Hampshire County Council’s pay policies relating to its workforce for the financial year 2018-19, including the remuneration of its Chief Officers and that of its lowest paid employees.
2. The responsibility for functions and delegated authority in respect of the determination of the terms and conditions of staff employed by the County Council is detailed in the County Council’s Constitution; in particular, Part 2: Chapter 2.1 and Part 2: Chapter 4, and this Pay Statement is subject to those provisions.
3. With the exception of teaching staff and associated school advisory roles where pay is governed by National consultation groups and apprentices on the National Minimum Wage, pay for all staff, including Chief Officers, is set by the Employment in Hampshire County Council (“EHCC”) Committee with annual pay awards below senior management level being determined by the outcome of the national local government award and customarily applied to senior managers, as referred to at Paragraph 12. The EHCC Committee is proportionally constituted and comprises elected County Councillors from the main political parties, and has responsibility for locally determined terms and conditions of employment for staff.
4. For the purposes of this Pay Statement and in accordance with the Localism Act 2011 (“Localism Act”), staff employed by the County Council have been separated into two groups:
  - (a) Employees who are not Chief Officers as defined by the Localism Act
  - (b) Chief Officers as defined by the Localism Act
5. An “employee who is not a Chief Officer” refers to all staff, who are not covered within the “Chief Officer” group as outlined below. This includes the “lowest paid employees”. In the context of the County Council other than apprentices the “lowest paid employees” are those employed at grade A on the County Council’s pay framework. This is because grade A is the lowest grade on the County Council’s pay framework.
6. Section 43(2) of the Localism Act defines Chief Officers for the purposes of the Localism Act. Currently, the following roles within the County Council fall within the definition of “Chief Officers”:
  - (a) Head of Paid Service (Chief Executive)
  - (b) Monitoring Officer

- (c) Statutory Chief Officers (Director of Corporate Resources as Section 151 Officer, Director of Children's Services, Director of Adults' Health and Care, and Director of Public Health)
- (d) Non-Statutory Chief Officers (Director of Culture, Communities and Business Services, Director of Economy, Transport and Environment, and Director of Transformation and Governance.
- (e) Deputy Chief Officers (Deputy Directors, Assistant Chief Executive, Assistant Directors and Heads of Service if reporting directly or are directly accountable to a Statutory or Non-Statutory Chief Officer in respect of all or most of their duties).

## **Section 1 - Employees who are not Chief Officers as defined by the Localism Act**

7. These staff are subject to the County Council's main pay framework. This was implemented in April 2007 in line with National guidance, with the grade for each role being determined by a consistent job evaluation process. This followed a national requirement for all Local Authorities, and a number of other public sector employers, to review their pay and grading frameworks to ensure fair and consistent practice for different groups of workers with the same employer. As part of this, the County Council determined a local pay framework.
8. There are 11 grades (A-K) in the pay framework, grade A being the lowest and grade K the highest. Each employee will be on one of the 11 grades based on the job evaluation of their role. Each grade consists of 5 steps, with the exception of grades A and B which consist of fewer steps. Employees can progress within the salary range of their grade, having regard to the County Council's performance management arrangements.
9. All employees are paid within the salary range for their grade. Each "lowest paid employee" is paid within the salary range for grade A. All other employees are paid within the salary range for the grade of their role i.e. B-K. Details of the Council's salary ranges are published on the County Council's website, and a copy of those salary ranges currently as at 1 April 2017 is attached at Annex 1 to this Pay Statement.
10. Employees new to the County Council will normally be appointed to the first step of the salary range for their grade. Where the candidate's current employment package would make the first step of the salary range unattractive or where the employee already operates at a level commensurate with a higher salary, a different starting salary may be considered by the recruiting manager. This will be within the salary range for the grade. The candidate's level of skill and experience should be consistent with that of other employees in a similar position on the salary range.

11. Employees' performance during the course of the year is reviewed within the County Council's performance management arrangements, and pay progression within the grade is subject to satisfactory performance.
12. Pay awards are considered annually for staff. For those staff up to and including grade G the outcome of the national consultations by the Local Government Employers in negotiation with the Trades Unions is applied. For staff at grade H and above the value of any pay award is determined by the EHCC Committee. Since the implementation of the County Council's pay framework, the EHCC Committee has applied the same percentage award determined nationally. The question of a pay award for staff for 2018/19 has not yet been determined. Should there be a pay award for staff for the year 2018/19, then the table at Annex 1 will be updated accordingly.
13. There is a Special Recognition Scheme, under which a one-off payment may be awarded to a member of staff as a recognition for a particular piece of work or a substantial achievement above what is expected as part of their ordinary day-to-day work. All Special Recognition Scheme payments are subject to departmental governance arrangements, and where required Chief Officer approval, are not consolidated into base salary and are funded from within existing budgets.
14. Allowances such as relocation assistance or other payments, for example shift working, may be made to staff in connection with their role or the patterns of hours they work in accordance with the County Council's collective agreement ('EHCC 2007') and subsequent amendments thereto, and other governance arrangements.
15. The County Council recognises that employees sometimes incur necessary expenditure in carrying out their responsibilities, for example travel costs. Employees will be reimbursed for reasonable expenses incurred on County Council business in accordance with the County Council's collective agreement ('EHCC 2007') and subsequent amendments.
16. Other than where required in order to carry out specific requirements of a role, for example the provision of accommodation for care workers required to live on site, there will be no benefits in kind payable to employees of the County Council
17. All employees as a result of their employment are eligible to join the Local Government Pension Scheme. The County Council will not consider the purchase of additional pension for employees under the provisions of the Local Government Pension Scheme Regulations 2014. However, it will consider enabling employees to use part of any redundancy payment to buy additional pension, where they leave on the grounds of efficiency.
18. Redundancy payment arrangements will be based on the County Council's standard redundancy scheme. In support of efficient organisational change and transformation linked to the need for efficiencies and expenditure

reduction, the County Council also operates a voluntary redundancy scheme approved by EHCC Committee. The County Council remains committed to enabling workforce reductions through voluntary measures wherever possible and any future voluntary redundancy or other termination measures will be in accordance with approved County Council policies. Details of the standard and voluntary redundancy schemes are attached at Annex 2 to this Pay Statement.

19. Except in exceptional business circumstances, no employee who has left the County Council under the terms of the standard redundancy scheme or any voluntary redundancy scheme or severance arrangement, will be re-employed by the County Council in any capacity for a minimum period of 12 months from the dismissal date. If re-employment is sought within 12 months of the termination date, approval is required from the relevant Chief Officer, Director of Corporate Resources as Section 151 Officer and the Head of Human Resources and Workforce Development. In addition, if the ex-employee was previously employed at grade H and above and/or is seeking re-employment at grade H and above, Chief Executive approval is also required.
20. Except in exceptional business circumstances, no employee who has left the County Council under the terms of the standard redundancy scheme, any voluntary redundancy scheme or severance arrangements, will be re-engaged by the County Council under a contract for services within a minimum period of 12 months of the dismissal date. In this case the authorisation requirements set out at Paragraph 19 of this Pay Statement in respect of re-engagement of ex-employees will apply.

## **Section 2 - Chief Officers as defined by the Localism Act 2011**

21. Chief Officers are paid either within the County Council's main pay framework, or on "spot" salaries. Salaries of Chief Officers on appointment have regard to the relative size and challenge of the role compared to other Chief Officer roles within the County Council and follows the same principles operated within the main pay framework. Account is also taken of other relevant available information, including the salaries of Chief Officers in other similar sized organisations.
22. The Constitution requires that salaries of Chief Officers on appointment outside the main pay framework require Chief Executive and EHCC Committee approval. The EHCC Committee will continue to exercise responsibility for all Chief Officer salaries outside the main pay framework, whether on appointment or otherwise. Chief Officer salaries payable from 1 April 2017 fall within four categories as outlined below.
23. The Head of Paid Service is paid a salary of £216,195.

24. Statutory Chief Officers and Non-Statutory Chief Officers are paid a salary within the range of £121,200 - £184,019.
25. Deputy Directors are paid a salary within the range of £92,829 - £125,105.
26. The Monitoring Officer, Assistant Chief Officers and Heads of Service falling within the definition of "Chief Officer" are paid a salary within the range £77,700 - £109,000.
27. The annual pay review for Chief Officers paid outside the main pay framework is considered by the EHCC Committee each year, alongside recommendations for staff paid between grades H and K in accordance with Paragraph 12 of this Pay Statement. Likewise to support the annual review of salaries of these Chief Officers, information may be provided on inflation, earnings growth, and any significant considerations from elsewhere in the public sector.
28. Typically, Chief Officers have received the same percentage pay award as other managers and staff groups within the County Council. In each year since implementation of the new pay framework, EHCC Committee has applied the same percentage award determined nationally for other grades of employees within the County Council. Chief Officers are subject to the same performance management arrangements as detailed for employees who are not Chief Officers. Chief Officers paid outside the main pay framework do not receive incremental pay progression. In years where a pay award is available, performance will be taken into account when determining whether any award will be made. Should there be a pay award for Chief Officers for the year 2018/19 then Paragraphs 23-26 will be updated accordingly.
29. Within the above Chief Officer categories any increase to the remuneration of Chief Officers outside the annual review process, for example as a consequence of increased responsibilities arising from the formalisation or implementation of new shared services arrangements, requires Chief Executive and EHCC Committee approval.
30. The Special Recognition Scheme referred to at Paragraph 13 of this Pay Statement is however also applicable to Chief Officers. Any proposed Special Recognition Payment in respect of CMT is subject to ratification by EHCC.
31. No other charges, fees or allowances or remuneration are payable to Chief Officers in connection with their responsibilities. No fees for election duties are included in Chief Officer salaries, nor are any additional fees payable for such responsibilities.
32. Chief Officers may where applicable receive allowances, such as relocation assistance in accordance with the County Councils collective agreement

(EHCC 2007), and subsequent amendments thereto, and other governance arrangements.

33. The County Council recognises that Chief Officers sometimes incur necessary expenditure in carrying out their responsibilities e.g. travel costs. Chief Officers will be reimbursed for reasonable expenses incurred on County Council business in accordance with the County Council's collective agreement (EHCC 2007) and subsequent amendments.
34. There are no benefits in kind, such as private health insurance, payable to Chief Officers.
35. Chief Officers as a result of their employment are eligible to join the Local Government Pension Scheme in the same way as other employees. The County Council will not consider the purchase of additional pension for employees under the provisions of the Local Government Pension Scheme Regulations 2014. However, it will consider enabling employees to use part of any redundancy payment to buy additional pension, where they leave on the grounds of efficiency.
36. Chief Officers are subject to the same redundancy payment and severance arrangements as other staff as outlined in Paragraph 18 of this Pay Statement.
37. Chief Officers, who have left the County Council under the terms of the standard redundancy scheme, any voluntary redundancy scheme or severance arrangements are subject to the same policy on re-engagement by the County Council outlined at Paragraph 19 of this Pay Statement as other employees.
38. Except in exceptional business circumstances, no Chief Officer who has left the County Council under the terms of the standard redundancy scheme, any voluntary redundancy scheme or severance arrangement, will be re-engaged by the County Council under a contract for services within a minimum period of 12 months of the termination date. In this case the authorisation requirements set out at Paragraph 20 of this Pay Statement in respect of re-engagement of ex-employees will apply. No Chief Officer, as defined at Paragraphs 23-26 of this Payment Statement, will be employed by the County Council on terms and conditions which allow such an officer to be an employee of the County Council whilst operating in practice as a limited company for taxation reasons.
39. Details of Chief Officer remuneration have been published annually since 2010 as an extract from the County Council's Statement of Accounts and according to accountancy standards, as soon after the end of the relevant financial year as is reasonably practical. At that time the County Council will also update the publication of its pay multiple, that is the ratio between the highest paid employee and the median average earnings across the organisation, based on base pay. Gender Pay Gap reporting information will

also be published as part of the County Council's Open Data in accordance with statutory requirements.

**Pay Statement Annex 1**

**Hampshire County Council's Pay Framework**

**Salary Ranges – from April 2017**

		Grades	
		Step	
			A
Salary Range	3	15,267	16,074
	2	15,159	15,768
	1	15,015	15,669

		Grades									
		Step	C	D	E	F	G	H	I	J	K
Salary Range	5	17,955	22,338	27,672	35,430	43,755	51,003	60,057	75,543	87,453	
	4	17,508	21,687	26,868	34,401	42,483	49,521	58,305	73,341	84,906	
	3	17,073	21,057	26,085	33,399	41,244	48,078	56,607	71,205	82,434	
	2	16,641	20,445	25,326	32,424	40,041	46,677	54,957	69,129	80,031	
	1	16,209	19,848	24,588	31,479	38,877	45,318	53,358	67,116	77,700	

**Note:**

Salary ranges for Grades A–G are subject to the outcome of national pay negotiations.

## Pay Statement Annex 2

### Hampshire County Council

#### Standard and Voluntary Redundancy Schemes

Payments Based on Actual Weekly Pay

<b>Current Age Groupings</b>	<b>Standard Redundancy Scheme (Weeks per year of service)</b>	<b>Years of Service</b>	<b>Voluntary Redundancy Scheme (Single Payment)</b>
Service accrued up to and inc. 21	0.5	Service accrued – less than 2	0
Service accrued between 22-40	1.0	Service accrued – 2+	20
Service accrued age 41 and above	1.5		
Max Number of Weeks	30		

## HAMPSHIRE COUNTY COUNCIL REPORT

<b>Committee/Panel:</b>	Employment in Hampshire County Council
<b>Date:</b>	22 November 2017
<b>Title:</b>	Legislation Update
<b>Report From:</b>	Director of Corporate Resources

**Contact name:** Nichola Andreassen

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### **1. Executive Summary**

- 1.1 This paper provides an update on recent and pending legislative changes and recommends that a further update be provided at EHCC in March 2018.

### **2 Employment Legislation Update**

#### **2.1 Mandatory Gender Pay Gap Reporting**

- 2.2 The first duty to report on pay by gender will be in April 2018. A SAP solution is being applied and tested during October/November 2017. The project is on track to enable the County Council to meet this statutory requirement. A full update will be provided to EHCC in March 2018.

#### **2.3 Exit Payment Cap, Exit Payment Recovery and Further Changes to Exit Payments**

- 2.4 The government has proposed three tranches of changes to exit payments in the public sector. Firstly a cap of £95k on exit payments. Secondly a requirement to repay exit payments if the salary earned was in excess of £85k and the person returns to public sector employment within 12 months. Thirdly, further restrictions, which would further limit exit payments, voluntary enhanced redundancy payments and employer compensation towards pensions costs on exit.
- 2.5 At the time of writing it was anticipated that already published draft regulations on the first two tranches (the £95k cap and £85k recovery) will

be subject to fresh consultation in Autumn 2017, but exact dates are not yet known. This would mean a potential implementation date in the early part of 2018, although this is reliant on sufficient parliamentary time being found.

2.6 The third part of proposed changes require the DCLG to publish draft regulations in response to the consultation. There is no known timescale for this and EHCC will be updated when timescales are known.

### **2.7 Calculation of a week's pay for redundancy**

2.8 In cases of compulsory redundancy, the payment an employee receives is a multiple of a "week's pay". The multiple depends on the number of complete years' service and their age and is capped at 30 weeks' pay. There is a statutory cap of £489 per week, however Hampshire's policy is more beneficial and provides for redundancy benefits based on actual pay.

2.9 In *University of Sunderland v Drossou* UKEAT/0341/16/RN the Employment Appeal Tribunal (EAT) determined that a week's pay should include the value of the employer's pension contribution, unless an employer's policy specifically excludes it.

2.10 It is recommended that the wording of the Redundancy Policy is amended to specifically exclude employer's pension contributions from this calculation, unless an employee's actual weekly pay is below the statutory cap. In this case, all, or part of the value employer pension contributions should be included but only to achieve the statutory cap. This will ensure that public money is used appropriately in cases of redundancy.

## **3. Recommendations**

- 1) To note the developments on the Gender Pay Gap report
- 2) To note the developments in relation to Exit Payment amendments
- 3) To agree the proposed clarification in the Redundancy Policy
- 4) An update is provided at March 2018 EHCC

**CORPORATE OR LEGAL INFORMATION:  
Links to the Corporate Strategy**

These government proposals do not link to the Corporate Strategy but potentially impact the County Council's workforce strategy.

**Other Significant Links**

**Links to previous Member decisions:**

<u>Title</u>	<u>Date</u>
Update on proposed Government policy changes	11 November 2015
Update on Government proposed policy changes	9 March 2016
2016 National Pay Award and National Living Wage	9 March 2016
Pay and Policy Update	10 November 2016
Pay and Policy Update	14 March 2017
Pay, Policy and Legislation Update	12 July 2017

**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.)

<u>Document</u>	<u>Location</u>
None.	

## IMPACT ASSESSMENTS

### 1. Equality

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.

### 1.2 Equalities Impact Assessment:

It is not envisaged there will be any equalities impact, however as the exit payments legislation is subject to further consultation, we are not yet able to fully identify any impact.

### 2. Impact on Crime and Disorder:

2.1 Not applicable.

### 3. Climate Change:

(a) How does what is being proposed impact on our carbon footprint / energy consumption?

Not applicable.

(b) How does what is being proposed consider the need to adapt to climate change, and be resilient to its longer term impacts?

Not applicable.

## HAMPSHIRE COUNTY COUNCIL REPORT

<b>Committee/Panel:</b>	Employment in Hampshire County Council
<b>Date:</b>	22 November 2017
<b>Title:</b>	EHCC Apprentice Pay Framework
<b>Report From:</b>	Director of Corporate Resources

**Contact name:** Nichola Andreassen

**Tel:** 01962 847361

**Email:** [nichola.andreassen@hants.gov.uk](mailto:nichola.andreassen@hants.gov.uk)

### 1. Executive Summary

1.1 This paper requests that EHCC approve a new EHCC Apprentice Pay Framework that better reflects the scale and scope of the County Council's new Apprenticeship Programme, effective from 1<sup>st</sup> April 2018.

### 2. Contextual information

2.1 The requirement to develop a new EHCC Apprentice Pay Framework has been prompted by the introduction of the government's Apprentice Levy (April 2017). This will see the volume of Apprentices, from both new appointees and existing staff, increase significantly across the organisation. Therefore, a more relevant and comprehensive pay framework is required.

2.2 The existing EHCC Apprentice Pay Policy was introduced in 2013 as part of the Hampshire Youth Investment Programme. The policy was developed predominately for 16-25 year olds who are new to the organisation and appointed at grades A-C only. The policy operates on a 'grade below' basis whereby the Apprentice is paid at the grade below the substantive grade for the role to which they are appointed for the period of their apprenticeship or National Minimum Wage (NMW) as detailed in the following table:

<b>Substantive Grade for the role</b>	<b>Pay during apprenticeship training period</b>
A (Any age Apprentice in first year of Apprenticeship)	NMW for 21-24 year olds (£7.05)
A (Apprentice aged 25 and over, beyond first year of Apprenticeship)	NLW (£7.50)
B	Grade A
C	Grade B

### **3. Proposed EHCC Apprentice Pay Framework**

3.1 The key elements of the proposed EHCC Apprentice Pay framework are as follows;

- that all Apprentices employed by Hampshire County Council, both in corporate departments and maintained schools for which the County Council is the legal employer, are paid on the substantive EHCC pay grade for the job. This includes new apprentices and current apprentices transitioning from the current 'grade minus' to the substantive grade for the role.
- that the current EHCC Apprentice Pay Policy ('grade below') be withdrawn.
- that the current 'Apprentice First' policy, which determines that all approved vacancies at EHCC grade A-C which are for 30 hours or more per week, and for 12 months or more in duration, are presumed to be an Apprenticeship opportunity, be formally extended to cover all roles appointed on EHCC terms & conditions, grades A-K.
- to use role profiles already in existence e.g. unqualified social worker / trainee AAT and only create a new role profile where an existing profile isn't suitable.
- that progression for Apprentices appointed to substantive EHCC grade roles be managed through the Valuing Performance or IPP performance management framework as appropriate.

3.2 The new Apprentice Pay framework will be fully implemented and effective on 1st April 2018. This is proposed to be a single and controlled transition of all affected employees from their previous apprentice position and pay scale to the new arrangements outlined in this paper.

3.3 The estimated cost of transitioning the 31 Apprentices (exc. Schools) employed on the current policy (as of 1 October) to the new arrangement is £8,000. This has been estimated with reference to the planned end date of their Apprenticeship programme.

3.4 Based on an estimated 30-50 new Apprenticeship starts at grades A-C between 1 October 2017 and 31 March 2018, i.e. those to be employed on the current 'grade minus' policy, the estimated cost of transitioning is between £8,000 and £12,000. This is modelled on an average of 6 months at the substantive grade from April 2018. New starts above grade C before the new policy comes into effect are appointed directly to their substantive grade for the role.

### **4. School Staffing Regulations and associated risks**

4.1 In consulting on the development of a new EHCC Apprentice Pay Framework, a number of Hampshire Schools indicated their preference for greater flexibility than afforded by the current policy and an intention to pay at a lower rate. This was both for the purposes of affordability and social value, e.g. creating Apprenticeship opportunities for former students.

4.2 The majority of Hampshire schools who have employed Apprentices as part of the Hampshire Youth Investment Programme have done so within the existing EHCC policy. However, a minority have used the right afforded to them by the School Staffing (England) Regulations 2009 to vary from policy and pay at a spot salary point below EHCC grades.

- 4.3 The Local Authority's advice to schools for which the County Council is the legal employer is that they should in all circumstances appoint Apprentices in accordance with the EHCC approved policy.
- 4.4 If a school does decide to act in contradiction of the Council's advice and pay outside of the EHCC approved policy, a potential challenge may arise in respect of equal pay. Legal advice is that the actual risk is low and would depend upon identifying a comparator performing equal work and being able to demonstrate that the difference in pay is because of gender. Where the difference is not because of gender and the work that they do is significantly different the likelihood of a successful equal pay claim is lower.
- 4.5 As the legal employer, any equal pay claim would technically be against the County Council. If such a claim were successful, the Local Authority has the right, and would, under the Scheme for Financing Schools (2015) (Section 6) charge to a school's budget any costs associated with any challenge, including awards by courts and employment tribunals against the authority, or out of court settlements, arising from action or inaction by the governing body contrary to the authority's advice.

## **5. Technical development and accommodation of Schools' requests**

- 5.1 The proposed EHCC Apprentice Pay Framework seeks to respond to schools' requests for greater flexibility and to mitigate the equal pay risks described above. Specifically, the proposal allows for a technical facility within SAP for Hampshire schools (only) to pay at the Apprentice minimum and age-related National Minimum Wage (NMW) rates (see appendix 1).
- 5.2 "Spot" salary requests that vary from the Apprentice minimum and age-related NMW rates will not be accommodated within a single agreed pay framework delivered through the County Council's SAP Payroll solution. This standard payroll model is predicated on all customers using standardised functionality including a single pay framework underpinned by consistently applied pay rates. Individual schools wishing to operate outside of this model may not be able to be supported by the County Council's SAP payroll solution under the current standard operating model and associated service level agreement and charging arrangements.

## **6. Consultation**

- 6.1 Both the Hampshire Apprenticeship Board and the Hampshire Schools Apprenticeship Board have been consulted on the proposed Apprentice Pay Framework. Direct dialogue has been undertaken with the Chairs of the School's Executive Groups. Consultation with unions began in June and engagement will continue as the Apprenticeship programme grows.
- 6.2 In October, CMT approved that the proposals below be submitted to the EHCC Committee for ratification.

## 7. Recommendations

7.1 It is requested that the EHCC Committee agree to the following proposals::

- (a) The adoption of a new Apprentice Pay Framework to be fully implemented on 1st April 2018, and that the Framework operates within existing EHCC pay scales. A detailed transition plan for all current apprentices on Grade Minus arrangements will be developed to transfer to newly created apprentice roles and positions in accordance with the new pay framework outlined in this paper.
- (b) The withdrawal of the existing EHCC Apprenticeship 'grade minus' policy, this having been developed specifically as part of the Hampshire Youth Investment Programme.
- (c) That the current 'Apprentice First' policy be formally extended from the current grades A-C to all roles appointed on EHCC terms & conditions, grades A-K.

7.2 It is also recommended that the EHCC Committee:

- (d) Note the right of schools under the School Staffing Regulations (2009) to appoint staff, the flexibility that this affords them in the context of the Apprenticeship Levy and the associated risks.
- (e) Note the right of the Local Authority under the Scheme for Financing Schools (2015) (Section 6) to charge to a school's budget any awards by courts and industrial tribunals against the authority, or out of court settlements, arising from action or inaction by the governing body contrary to the authority's advice.
- (f) Agree that a technical amendment be made to SAP to include the statutory Apprentice and age-related National Minimum and Living Wage rates as detailed in appendix 1. If approved, this facility would also be available to non-maintained schools.

## Appendix 1

The current age-related and Apprentice national minimum wage rates are presented below. The 2017/18 EHCC A grade hourly rate is also presented for comparison.

*2017/18 National Minimum Wage Scale:*

Age Band	Apprentice (all ages, first year only for 19+)	Under 18	18-20	21-24	25 and over (living wage)
Rate	<b>3.50</b>	<b>4.05</b>	<b>5.60</b>	<b>7.05</b>	<b>7.50</b>

*2017/18 EHCC A grade hourly rates:*

EHCC A grade scale point	A1	A2	A3
Hourly Rate	<b>7.78</b>	<b>7.86</b>	<b>7.91</b>

Example of applying the appropriate statutory pay rate to an apprentice is described below:

In the circumstances of:

- Aged under 19
- Aged 19 or over and in first year of apprenticeship
- Example – an apprentice is aged 22 and is the first year of their apprenticeship is entitled to a minimum hourly rate of £3.50.

In the circumstances of:

- Apprentices are entitled to the minimum wage for their age if they both
- Aged 19 or over
- Have completed the first year of their apprenticeship
- Example – an apprentice is aged 22 and has completed the first year of their apprenticeship is entitled to a minimum hourly rate of £7.05.

## CORPORATE OR LEGAL INFORMATION:

### Links to the Corporate Strategy

These proposals support Aim 1 of the Corporate Strategy, 'Hampshire maintains strong and sustainable economic growth and prosperity', through the following outcomes:

- helping people into work and to develop and maintain skills
- planning and delivering appropriate development and infrastructure.

### Other Significant Links

#### Links to previous Member decisions:

<u>Title</u>	<u>Date</u>
Corporate Apprenticeship Scheme - Hampshire Youth Investment Programme (HYIP)	15 July 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.

## IMPACT ASSESSMENTS

### 1. Equality

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;
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- 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.

### 1.2 Equalities Impact Assessment:

It is not envisaged there will be any equalities impact, however as this is not yet implemented, we are not yet able to fully determine the impact to the Council.

### 2. Impact on Crime and Disorder:

2.1 Not applicable.

### 3. Climate Change:

(a) How does what is being proposed impact on our carbon footprint / energy consumption?

Not applicable.

(b) How does what is being proposed consider the need to adapt to climate change, and be resilient to its longer term impacts?

Not applicable.

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## HAMPSHIRE COUNTY COUNCIL REPORT

<b>Committee/Panel:</b>	Employment in Hampshire County Council
<b>Date:</b>	22 November 2017
<b>Title:</b>	Pay Update
<b>Report From:</b>	Director of Corporate Resources

**Contact name:** Nichola Andreassen

**Tel:** 01962 847361

**Email:** [nichola.andreassen@hants.gov.uk](mailto:nichola.andreassen@hants.gov.uk)

### 1. **Executive Summary**

The purpose of this paper is to:

- i) Provide an update on the national pay award for the National Joint Committee (NJC) for local Government Services, the Local Government Association (LGA) proposals for a new NJC pay framework and the possible impact on EHCCs pay framework.

### 2. **Context**

- 2.1 A paper was submitted to the Committee in July which explained the possible impact of the National Living wage (NLW) and national pay bargaining on the EHCC pay framework.
- 2.2 The key points to remind the committee of are that the:
- 2.3 EHCC pay framework is different to the national NJC pay framework, in terms of both grades and salaries.
- 2.4 EHCC agreement requires the national pay award (percentage or monetary amount) to be applied to EHCC grades of A to G inclusive. In previous years, this has been straight forward to do when a single percentage uplift was agreed across the whole NJC pay framework which could then be applied to Hampshire's EHCC pay framework. The implementation of the NLW has resulted in different percentage increases (sometimes agreed as a fixed monetary amount) being applied to the lower end of the NJC pay framework. This has made applying the national pay award more complicated as it has required HCC to determine how to translate the increases to the lower pay points in the NJC pay framework onto the EHCC pay framework when those points are not the same and therefore it is not a straight read across.

2.5 The Medium Term Financial Strategy (MTFS) includes provision for a 1% per annum national pay award and an element for the predicted impact of the NLW.

### 3. **Current position of NJC pay framework**

3.1 The latest information provided by the LGA regarding the national pay award and pay framework are detailed below:

#### 3.2 **National Pay Award:**

3.3 Trade Unions (TUs) have submitted a formal pay demand of 5% for 2018 which is consistent with other public sector union pay demands. In addition, they have asked that no NJC pay points fall below the Foundation Living Wage rate of £8.45; the lowest pay point on the EHCC pay framework is currently £7.78 per hour. Based upon analysis by the LGA it is estimated that the total cost of the pay demand would be circa £559.2m across local government. For the County Council the cost would be in the region of £12.5m which would far exceed the amount that has been provided in the MTFS.

3.4 Given that the NLW is addressing lower pay scales, the TUs are increasingly focussed on salaries at the middle of the pay framework and are wishing to maintain pay differentials between pay steps.

3.5 The Office for Budget Responsibility (OBR) has forecast the NLW to be £8.75 in 2020 and £9.10 by 2021, however forecasts are variable and the Labour Party's policy is to introduce a £10 NLW in 2020.

3.6 Whilst there are no specific deadlines the LGA indicated that they are working towards making a pay offer in either Dec 17 / Jan 18.

3.7 In September 2017, the Government confirmed police and prison officers' pay awards for 2017/18. The outcome being that Police Officers will receive an increase from 1 September 2017, which consists of an additional 1% non-consolidated pay award for 2017/18 and a 1% increase in their basic pay. The recommendations of the Prison Service Pay Review Body were accepted in full, giving staff in prisons a pay increase of 1.7% on average. For schools and centrally employed teachers, a pay award of 2% on the main pay range and 1% on all other ranges, including allowances, was agreed in September/October to be effective from 1 September 2017.

3.8 There are a number of variables still in play that will inform the outcome of negotiations over both the national pay award and the new NJC pay framework, these include:

- the government's national pay policy and the pay cap
- inflation rates – currently running at 2.6% (July published data),

- the new NLW rate for 2018
- the outcome of the November spending review.

### 3.9 **New NJC pay framework:**

- 3.10 As part of the last pay deal (2016 and 2017) the LGA and TUs committed to undertake a technical review of the NJC pay spine. The intention is to negotiate a move to a new NJC pay framework in March 2019 as part of a negotiated 2 year pay deal. If possible the LGA is seeking to achieve a negotiated pay settlement and avoid the risk of a dispute with local authority TUs because of the disruption and damage to services. There would then be an interim increase for April 2018 based upon the existing framework and a move to a new NJC pay framework in 2019.
- 3.11 The LGA confirmed that they had been working with TU representatives to undertake a technical review of the NJC pay framework, which included the principle of maintaining the integrity of the gaps between each of the pay points.
- 3.12 The national modelling undertaken indicates a 4% to 6% cost increase over 2 years. This would equate to 5% to 7% in schools because of the grade profile of non-teaching staff in schools. It should be noted that this modelling was set in the context of continuing public sector pay restraint and a 1% pay cap and so any change to this would increase costs further.
- 3.13 The LGA have not yet provided a copy of any draft pay spine, however they indicated that the NJC pay framework would be extended upwards by creating advisory pay points to include roles which are currently not covered by the NJC pay spine (which currently goes to spinal point 49 and which relates to the top of EHCC grade G).
- 3.14 The requirement for time served increases (annual incremental progression) was removed in 1997. There is no intention to reintroduce the requirement for these in any new pay spine, nor is there any intention of undertaking a review of other terms and conditions of employment as part of this pay review. Local Authorities already have the ability to negotiate variations to other terms locally and a view was expressed that there was little value or cost benefit in doing so.
- 3.15 It is envisaged that the new NJC pay framework may only be in place for the next 5 to 7 years.

## 4. **Implications for EHCC Pay Framework**

- 4.1 The key consideration for Hampshire County Council is the feasibility of being able to meet the requirements of the EHCC agreement and to translate the 2019 pay increases which will be wrapped up in a totally new NJC pay

framework. Until the details of the new NJC pay framework are known it is not possible to understand the impact and the potential complexities of this.

4.2 There will be a range of options that could be considered which include:

- Translating the changes to the new NJC pay framework across to the EHCC pay framework
- Move formally to the new NJC pay framework and return to national negotiation for all points
- Move totally to local pay bargaining and negotiate / subsequently implement a Hampshire specific pay award

4.3 Until we know the outcome of the NJC pay negotiations and the new pay framework it is not possible at this time to determine whether these are the only options and therefore to make any recommendations at this time.

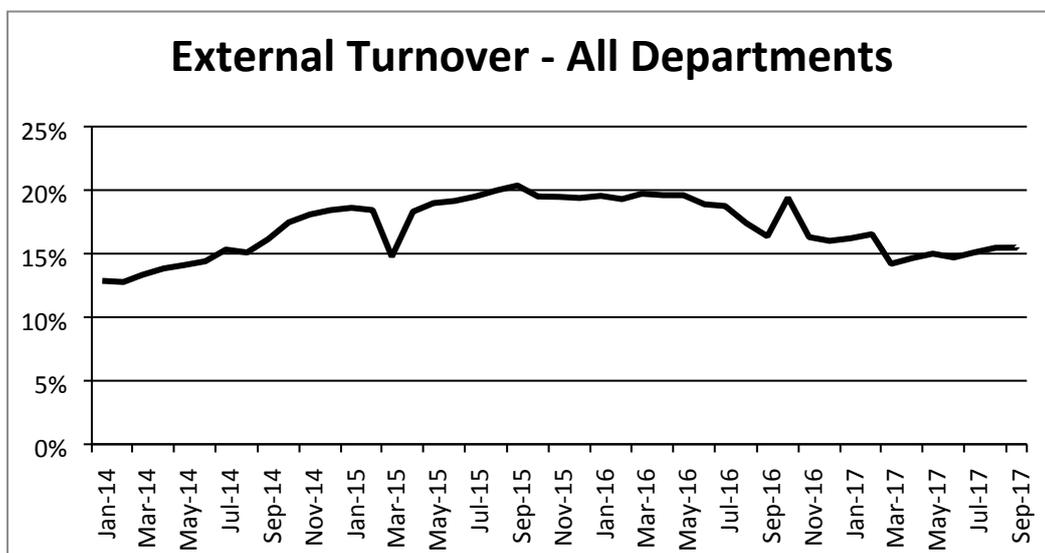
4.4 Each option will need to be assessed against a series of criteria. Potential evaluation criteria are cost, employee relations/engagement, scheme design and whether this supports the workforce strategy, ease of implementation, future proofing, any legal implications and organisational reputation.

## 5. External Turnover

5.1 One of the key considerations when organisations moderate reward is the potential impact on increased negative turnover. The graph below shows external turnover for the County Council since January 2014 to September 2017 and reflects the long term trend towards reduced headcount, with peaks in turnover rates being as a result of planned activity related to Transformation to 2015 and 2017 (Tt15, Tt17) work-streams, and including voluntary redundancies.

5.2 The turnover rate for the County Council is 15.5%. This is below the UK average of 23% however it is consistent with the public sector average of 15.1%. (ref. XperTHR Labour turnover rates 2016).

5.3



5.4 The table below shows the % turnover against the 'leaving categories' for the period October 2016 to September 2017.

Overall 12 months	Resign - Alt Employment	Resign - Alt LG Org	Resign - Dissatisfaction	Redundancy	Retirement	Dismissal	All other reasons
15.5%	5.7%	0.4%	0.5%	0.6%	0.9%	0.9%	6.4%

5.5 Of the total (15.5%) turnover for the last 12 months, 6.6% is as a result of leavers securing roles elsewhere, some of which will be further careers, change profession, a small proportion (0.5%) as a result of not being content in their role.

5.6 Those in the 'other' category have left for a number of reasons, some of these include, family commitments, returning to education, health, and moving out of the area.

5.7 Turnover rates are monitored regularly and where levels are significant or if there are particular concerns being flagged, then targeted work is undertaken to understand the reasons, context, and measures are put in place to mitigate. These issues are often multifaceted and measures may include working with management to improve morale and staff engagement, addressing issues of workload, growing our own capacity and talent and the use of market supplements where reward is the specific issue.

## 6. Legal considerations

6.1 Until we know the outcome of the NJC pay negotiations and the detail of the new pay framework it is not possible to determine the legal issues that may arise. Further advice will be obtained when the outcome of the NJC pay negotiations is known.

## 7. Summary of Financial Implications

7.1 The NJC pay scales are being developed by the LGA. Whilst early indications originally suggested that the LGA were considering changes to the pay spine that may result in an overall increase of 4 to 6% in national pay costs, to date, no information on any detailed proposals has been released. It is therefore not yet possible to determine the impact on the Council's pay framework of nationally targeted increases to the lower grades or to establish how far the 'ripple effect' may extend up the Council's pay framework as a result of the desire to maintain pay grade differentials.

7.2 The MTFs includes provision for a 1% per annum pay award (impact on cash limited budgets for each 1% increase is circa £2.5m) and an additional allowance rising to £5m by 2020 for the impact of the NLW on the directly employed workforce within cash limited services.

- 7.3 Early indications were that the NJC may implement changes that could increase the cost of the national NJC pay framework by up to 6% which would result in a currently unbudgeted pressure of up to £5m in 2019/20 and would in addition impact schools and trading units. However, the outcome of any national decision remains at this stage unclear and uncertain.
- 7.4 A major factor that could affect forecasts to 2019/20 and beyond is the recent announcement from the Government that a more flexible approach to public sector pay will be adopted from 2018/19. This follows growing speculation that the public sector pay cap would be lifted given increasing pressure to remove (or at least relax) the current public sector pay restraint.
- 7.5 During the period of austerity, pay has been frozen or limited to increases of 1% within local government and it had previously been announced that this would continue at least until 2019/20. On 12 September 2017 the Government confirmed police and prison officers' pay awards for 2017/18 that exceed 1% which will need to be funded within existing budgets and signaled that the approach to other sectors of the workforce will be considered in the coming months.
- 7.6 Whilst a proper pay and reward strategy is key to attracting and retaining the right calibre of staff, any public sector pay awards above the 1% allowed for would put further pressure on our forecasts (each 1% adds about £2.5m to the pay bill). Given the announcement about public sector pay it is now possible that the pay award being considered by the LGA will be greater than initially indicated which would increase the pressure on the County Council's budget further.

## 8. **Timeline**

- 8.1 As stated above the LGA anticipate being able to communicate details of the 2018 pay offer in Dec 2017 / Jan 2018 and are working towards an interim pay increase for April 2018 based upon the existing framework and a move to a new NJC pay framework in April 2019.
- 8.2 The details of our local implementation plan will reflect the future decision yet to be taken about how best to handle the introduction of a new national NJC pay framework in Hampshire County Council.

## 9. **Next Steps**

- 9.1 Two distinct but linked decisions and actions need to be managed; the 2018 pay uplift and the introduction of the new NJC pay framework.
- 9.2 EHCC have already given authority in July 2017 to implement the 2018 pay increase as long as it is in line with NLW and 1%. A pay award that is higher than this will need to be brought back to EHCC for agreement.
- 9.3 It is not possible at this time to make a recommendation of the best option for managing the implications of the new NJC pay framework. Given this, the

position will be closely monitored as it continues to evolve with options being developed for agreement by EHCC in April / May 2018 (based on the current national indicative timeline). Interim updates will also be brought to EHCC.

- 9.4 At the time of writing this paper, the known position is as described. If any further information is provided ahead of the meeting, then a verbal update will be provided.

10. **Recommendation:**

- 10.1 That EHCC note the update contained in the report

**CORPORATE OR LEGAL INFORMATION:  
Links to the Corporate Strategy**

These government proposals do not link to the Corporate Strategy but potentially impact the County Council's workforce strategy.

**Other Significant Links**

**Links to previous Member decisions:**

<u>Title</u>	<u>Date</u>
Update on proposed Government policy changes	11 November 2015
Update on Government proposed policy changes	9 March 2016
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**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.)

<u>Document</u>	<u>Location</u>
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None.

## IMPACT ASSESSMENTS

### 1. Equality

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.

### 1.2 Equalities Impact Assessment:

It is not envisaged there will be any equalities impact, however as the LGA has not yet completed the review of their pay framework we are not yet able to fully determine the impact to the Council's pay framework.

### 2. Impact on Crime and Disorder:

2.1 Not applicable.

### 3. Climate Change:

(a) How does what is being proposed impact on our carbon footprint / energy consumption?

Not applicable.

(b) How does what is being proposed consider the need to adapt to climate change, and be resilient to its longer term impacts?

Not applicable.

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