

## APPENDIX 2

### Folkestone & Hythe District Council Pay Policy Statement – Financial year 2019-20

#### Purpose

1. This Pay Policy Statement is provided in accordance with Section 38(1) of the Localism Act 2011. This will be updated annually, or more frequently, i.e. by the end of March each year. Approval of the Pay Policy, and any amendments, will be made by resolution of the full council.
2. This pay policy statement sets out Folkestone & Hythe District Council's (FHDC) policies relating to the pay of its workforce for the financial year 2019-20. In particular the:
  - Remuneration of its Chief Officers
  - Remuneration of its "lowest paid employees"
  - Relationship between the remuneration of its Chief Officers and the remuneration of its employees who are not Chief Officers

#### Definitions

3. For the purpose of this pay policy the following definitions will apply: -
  4. **Pay/remuneration** includes salary (for employees) or payment under a contract of services (for self employed), expenses, bonuses, performance related pay, as well as contractual arrangements involving possible future severance payments. Also, charges, fees, allowances, benefits in kind, termination payments and increases in/enhancement of pension entitlement as a result of a resolution of the authority.
  5. For the purposes of this Pay Policy, '**Chief Officer**' refers to the following roles within FHDC:
    - Corporate Director – Strategy, as Head of Paid Service\* (statutory Chief Officer)
    - Corporate Director – Customer, Support & Specialist Services\* (non-statutory Chief Officer)
    - Corporate Director – Place & Commercial\* (non-statutory Chief Officer)
    - Chief Finance Officer & s151 Officer\*\* (statutory Chief Officer)
    - Monitoring Officer\*\*\* (statutory Chief Officer)
    - In addition, Assistant Directors and those posts which report directly, and are directly accountable, to a statutory or non-statutory Chief Officer in respect of all or most of their duties.
- \* Members of the Council's Corporate Leadership Team (CLT).  
\*\* This role is currently undertaken by the Corporate Director – Customer, Support & Specialist Services.  
\*\*\* This role is currently undertaken by the Assistant Director – Governance, Law and Regulatory Services.

6. **'Lowest paid employees'** refers to those staff employed within grade A of the Council's pay framework. There are no staff governed by National consultation groups. This definition for the "lowest paid employees" has been adopted because grade A is the lowest grade on the Council's pay framework.
7. **'Employee who is not a Chief Officer'** refers to all staff who are not covered under the 'Chief Officer' group above. This includes the 'lowest paid employees' i.e. staff on grade A. There are no staff governed by National consultation groups.

## **Pay framework and remuneration levels**

### **General approach**

8. Remuneration at all levels needs to be adequate to secure and retain high-quality employees dedicated to fulfilling the council's business objectives and delivering services to the public. This has to be balanced by ensuring remuneration is not, nor is seen to be, unnecessarily excessive. Each council:
  - Has responsibility for balancing these factors;
  - Faces its own unique challenges and opportunities in doing so; and
  - Retains flexibility to cope with various circumstances that may arise that might necessitate the use of market supplements or other such mechanisms for individual categories of posts where appropriate. .
9. FHDC will be transparent on pay rises including the publication, on the Council's website, of any above inflation pay rises. The size of the award paid to employee(s) should be commensurate with the work being rewarded. Advice and guidance is available to decision takers on this including with regard to equal pay provisions.

### **Responsibility for decisions on remuneration**

10. It is essential for good governance that decisions on pay and reward packages for the Head of Paid Service and chief officers are made in an open and accountable way and that there is a verified and accountable process for recommending the levels of top salaries. FHDC will review the terms of senior appointments, to ensure value for money, including where arrangements could be perceived as seeking to minimise tax payments
11. The pay for the "lowest paid employees" and "all other employees who are not Chief Officers" is determined by the Personnel Committee. The Personnel Committee comprises elected Councillors, and is formed in accordance with the rules governing proportionality and has responsibility for local terms and conditions of employment for staff within FHDC's pay framework.
12. FHDC's pay framework was implemented in 2007 and is based on:

- Local pay determination for ‘all other employees who are not Chief Officers’, including those Assistant Directors who hold statutory positions; and
  - With effect from September 2015, local pay determination for Chief Officers who are members of the Corporate Leadership Team. The pay will be determined by the Remuneration Committee comprising members of the Personnel Committee with external independent advice.
13. Full Council will be offered the opportunity to vote on salary packages, at the time of an employee’s appointment, which are greater than £100,000 a year. Salary packages include the annual salary, bonuses, fees or allowances routinely payable to the appointee and benefits in kind to which the officer is entitled as a result of their employment.

**Salary grades and grading framework for ‘all other employees who are not Chief Officers’.**

14. Grades are locally determined taking into account 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 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.
15. As part of this, FHDC determined a local pay framework and the overall number of grades is 11, 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. Employees can progress to the salary range maximum of their grade by annual progression and subject to assessment of their performance in the process.
16. Pay awards are considered annually for all non Chief Officer employees, unless otherwise by agreement. These are developed using local pay determination in negotiation with the local Trades Unions and staff representatives. The last pay award to ‘all other employees who are not Chief Officers’ was made at April 2018.

**‘Chief Officers’ who are members of the Corporate Leadership Team**

17. Corporate Director – Strategy, Corporate Director – Customer, Support & Specialist Services and the Corporate Director – Place & Commercial pay is subject to local pay negotiation, with the most recent award being April 2017.
18. For this group of Chief Officers, salary on appointment has regard to the relative size and challenge of the role and account is also taken of other relevant available information, including the salaries of comparable posts in other similar sized organisations.

19. The posts with a current salary package above £100,000 are Corporate Directors. The allocation of the Head of Paid Service responsibility is subject to ratification by The Council.

### **‘Chief Officers’ who are Assistant Directors**

20. Pay for Assistant Directors is within the main pay framework, at grade K, and they are treated in accordance with the arrangements detailed above for ‘lowest paid employees’ and ‘all other employees who are not Chief Officers’. Pay is determined by the Personnel Committee in accordance with arrangements detailed above for the ‘lowest paid employees’ and ‘all other employees who are not chief officers’.

### **‘Lowest paid employees’**

21. Each “lowest paid employee” is paid within the salary range for grade A with due regard paid to the National Living Wage which was introduced in April 2016.

### **Allowances**

22. There is no provision for bonus payments for the ‘lowest paid employees’, for ‘employees who are not Chief Officers’ or for ‘Chief Officers’.

23. In addition to incremental progression, FHDC provides the following additional payment schemes to the main scheme for ‘employees who are not Chief Officers’ and Assistant Directors. These schemes include:

- When temporarily undertaking additional duties e.g. the full, or a proportion of, the duties of a higher graded post
- Honorarium e.g. for exceptional level of performance
- Allowances e.g. for additional hours, weekend and/or public holiday working, disturbance, eye tests, tools, telephone use, emergency co-ordination, first aid, car and standby
- Additional and accelerated increments e.g. for exam success and consistent exceptional performance. This is subject to the maximum of the scale not being exceeded.
- Childcare vouchers (for those enrolled in a scheme prior to October 2018)

24. FHDC provides a car allowance for Corporate Directors.

25. FHDC has the flexibility to introduce additional schemes if required and to respond to changing conditions in the employment market including skills shortage.

### **Other pay elements**

26. ‘Chief Officers’ are performance managed differently from the performance management process applying to the ‘lowest paid employees’ and

'employees who are not Chief Officers'. This includes input from, and assessment by, identified FHDC Members.

27. Targets are set and performance against those targets is assessed. Chief Officers receive incremental progression until the top of their grade is reached. Where pay progression is considered, performance will be taken into account when determining whether any award will be made.

### **Charges, fees or allowances**

28. Any allowance, or other payments, will only be made to staff in connection with their role and/or the patterns of hours they work and must be in accordance with the Council's internal Pay Policy statement which explains related procedure and practice.
29. The following charges, fees or allowances are paid to the Corporate Director – Strategy (as Head of Paid Service): Election Duties including as Returning Officer, paid separately from salary payments. The Council's Returning Officer, who is also the Corporate Director – Strategy (as Head of Paid Service), receives separate fees for local elections under S36 of the Representation of the People Act 1983. The Council has chosen to adopt the Kent Scale of Fees and Charges for local elections (see: [Cabinet decision and report of 28 September 2011](#)). The Returning Officer must not exceed the maximum fees and charges as laid down in the scale unless further approval is given by a decision of Cabinet or Full Council.
30. Employees receive Election Fees when participating.

### **Benefits in kind**

31. The Council offers a discount at Folkestone Sport Centre Trust and a free swim at Hythe Pool.

### **Pension**

32. As a result of their employment, all employees are eligible to join the Local Government Pension Scheme. There are no locally agreed enhancements. With the exclusion of the Head of Paid Service responsibility, any such enhancements would be at the discretion of the Personnel Committee. In relation to the Head of Paid Service responsibility, any such enhancements would be at the discretion, and with the approval, of Full Council.

### **Severance Payments**

33. We are required to publish:
- Our policy on discretionary payments on early termination of employment and our policy on increasing an employee's total pension scheme membership and on awarding additional pension (Regulation

66 of the Local Government Pension Scheme [Administration] Regulations 2008). These are covered in the Early Termination of Employment Policy which can be found on FHDC's website.

- Statements relating to remuneration. Regulation 7 of the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006 requires and authority to formulate, review and publish its policy on making discretionary payments on early termination of employment.

34. Full Council will be offered the opportunity to vote on severance packages which are greater than £100,000. Severance payments may include salary paid in lieu, redundancy compensation, pension entitlements, holiday pay and any bonuses, fees or allowances paid. Bonuses may include any payment not normally paid to the employee and not formally identified within this document.

35. It is important that the Council has flexibility to respond to unforeseen circumstances as regards re-employing a former employee as a Chief Officer. If we re-employ a previous employee who received a redundancy or severance package on leaving, or if that person returns on a 'contract for services', or if they are in receipt of a Local Government / Firefighter Pension Scheme (with same or another local authority), we require that the requirements of the following are observed:

- The Redundancy Payments (Continuity of Employment in Local Government, etc) (Modification) Order 1999

And/or

- Relevant abatement.

36. It is the Council's policy that in normal circumstances a FHDC employee whose employment has been terminated on grounds of voluntary redundancy and/or voluntary early retirement and who has received a severance payment and/or early retirement benefits will not be re-engaged. In exceptional circumstances there may be a justifiable case for re-engaging such an employee but this may only occur following agreement by members of the Corporate Leadership Team.

### **New starters joining the Council**

37. In our approach to appointments, particularly senior appointments, consideration is given to the value for money for the whole of the public sector. Consideration includes avoidance of arrangements which could be perceived as seeking to minimise tax payments.

38. Employees new to the Council will normally be appointed to the first point of the salary range for their grade. Where the candidate's current employment package would make the first point of the salary range unattractive (and this can be demonstrated by the applicant in relation to current earnings) or where the employee already operates at a level commensurate with a higher salary, a higher salary may be considered by the recruiting manager, with guidance from the HR department. 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.

39. In professions where there is a particular skills shortage, and as a temporary arrangement, it may be necessary to consider a market premium to attract high quality applicants. With senior manager salaries, there can be scope for negotiation over the exact starting salary at the point of job offer, and a range of factors will be considered. The final decision as regards any discretion lies with members of the Corporate Leadership Team.
40. Where a senior (chief officer) new starter already receives a public sector pension, this will be declared on the FHDC website and relevant abatement implemented.

### **Relationship between remuneration of “Chief Officers” and “employees who are not Chief Officers”**

41. We are required to publish pay related information. This includes the Code of Recommended Practice for Local Authorities on Data Transparency requirements to publish a Pay Multiple and information on senior salaries. The Pay Multiple is the ratio between the highest paid salary and the median average salary of the whole authority's salaries.
42. For the Statement of Accounts, Accounts and Audit Regulations and CIPFA Accounting Code of Practice requires us to publish:
- Senior officer remuneration details on a post by post level
  - Disclosure of remuneration amounting to £50,000 and over in bands of £5,000
  - Exit package disclosures
43. Information on pay will be published on the FHDC website, as follows and by:
- 1 June – the Pay Multiple figure and information on senior salaries
  - 30 September – the accounts as audited by the Council's external auditors.

### **Conclusion**

44. This pay policy statement, once approved by Full Council, will be published on the Council's public website.
45. This statement is for the financial year 1<sup>st</sup> April 2019 – 31<sup>st</sup> March 2020.
46. Full Council may, by resolution, amend this statement (including after the beginning of the financial year to which it relates). An amended statement will be published on the Council's public website.