

## Appendix B

### Folkestone & Hythe District Council

#### Pay Policy Statement – Financial Year 2023-24

#### Introduction and Purpose

1. In accordance with section 112 of the Local Government Act, the Council has the 'power to appoint officers on such reasonable terms and conditions as the authority thinks fit'. This Pay Policy Statement (the 'statement') sets out the Council's approach to pay policy in accordance with the requirements of section 38 of the Localism Act 2011 (as amended) and the 'Openness and accountability in local pay: guidance under section 40 of the Localism Act 2011 – supplementary guidance' which requires the council to produce a policy statement that covers a number of matters concerning the pay of the council's staff.
2. The purpose of the statement is to provide transparency with regard to the Council's approach to setting the pay of its employees by identifying:
  - The general principles that underpin the council's approach to its pay policy;
  - Definitions of the 'lowest paid employees' and 'chief officers' for the purposes of pay comparison;
  - The methods by which salaries are determined; and
  - The relationship between the remuneration of chief officers and the remuneration of employees who are not chief officers.
3. Once approved by full Council, this policy statement will come into immediate effect and will be subject to review on a minimum of an annual basis.

#### Definitions

For the purpose of this pay policy statement, the following definitions will apply:

4. **Pay/remuneration** includes salary (for employees) or payment under a contract of services (for self-employed), expenses, bonuses, 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. **Chief Officer** is defined within section 43 of the Localism Act 2011 as:
  - The head of the authority's paid service designated under section 4(1) of the Local Government and Housing Act 1989;
  - The monitoring officer designated under section 5(1) of that Act;
  - A statutory chief officer mentioned in section 2(6) of that Act;

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- A non-statutory chief officer mentioned in section 2(7) of that Act; and
  - A deputy chief officer mentioned in section 2(8) of that Act.
6. The following roles within Folkestone & Hythe District Council (FHDC) have therefore been identified as being chief officers for the purposes of this Pay Policy Statement:
- Chief Executive (Head of Paid Service)\* (statutory chief officer)
  - Director – Corporate Services\* (non-statutory chief officer)
  - Director – Place\* (non-statutory chief officer)
  - Director – Housing & Operations\* (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\*\*\*\*, with the exception of roles which are identified as being solely administrative in nature
7. \* Members of the Council’s Corporate Leadership Team (CLT).  
\*\* This role is currently undertaken by the Director – Corporate Services.  
\*\*\* This role is currently undertaken by the Assistant Director – Governance and Law.  
\*\*\*\* It should be noted that, whilst identified as chief officers within the terms of the Localism Act 2011, these posts are not designated as chief officers at FHDC.

Please note that the definition of Chief Officer in this Pay Policy Statement is different to that contained within Part 2 Article 11 of the Constitution.

8. **Lowest paid employees** refers to those staff employed within grade B of the Council’s pay framework at point 8 ~~(as point 7 is removed with effect from 1 April 2022)~~. This definition for the “lowest paid employees” has been adopted because grade B is the lowest grade on the Council’s pay framework. It excludes apprentices, whose pay remains subject to other regulations, and has specific reference under this policy. There are no staff governed by National consultation groups.

At the outset of the 2022/23 financial year –

- Grade B Point 8 is £~~19,477~~~~18,977~~
- The mode (most frequently used) salary for permanent employees falls within Grade E, the maximum of which is £~~31,663~~~~31,042~~

### **National Minimum Wage & National Living Wage – April 202~~3~~<sup>2</sup>**

9. The statutory National Minimum Wage (NMW) for employees aged 21 to 22 ~~is will be~~ £~~10.18~~~~9.18~~ per hour with the statutory National Living Wage

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(NLW) for employees aged 23 and over ~~is increasing to £10.429.50~~ per hour from 1 April 2023~~2~~.

10. The Council's lowest grade ~~is expected to be £10.87 per hour (subject to current pay negotiations) (£10.09 per hour from 1 April 2023~~2~~ with the agreed pay award implemented) which will be~~ £0.4559 higher than the NLW.

### General Approach

11. This pay policy statement provides a basis on which FHDC can compete in labour markets at all levels and for all roles, enabling the council to attract, retain and fairly reward people with the knowledge, experience, skills and attributes that are essential to the effective delivery of services to residents, businesses and other stakeholders within the district as well as fulfilling the council's business objectives.

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.

Pay and reward packages for the Chief Executive and Chief Officers will be made in an open and accountable way with a verified, accountable process for recommending any changes to their salary scales.

FHDC will be transparent on pay rises including the publication, on the Council's website, of any above inflation pay rises.

### Pay Structure

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 either designated as a Chief Executive or Director. The pay for this small group of staff will be determined by the Personnel Committee with external independent advice.
13. FHDC's pay 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.
14. As part of this, FHDC determined a local pay framework and the overall number of grades is 11, grade B being the lowest and grade L the highest.

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Grade A on the pay framework was removed as part of the pay negotiations for April 2020. Grade L was introduced during the 2019-20 financial year following a benchmarking exercise with approval from Personnel Committee. Each employee (with the exception of the Chief Executive and Directors) 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 unless formal performance interventions are in place.

15. Terms and conditions of employment, including the pay framework, are determined by Personnel Committee. The Personnel Committee comprises elected Councillors and is formed in accordance with the rules governing proportionality.
16. Pay awards are considered annually by the Joint Staff Consultative Panel for all employees, with the exception of the Chief Executive and Directors, 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 was made at April 202~~2~~<sup>4</sup> with the next due to be implemented from 1 April 202~~3~~<sup>2</sup>.

The current salary scale applicable from April 202~~2~~<sup>4</sup> can be seen at **Appendix 1** which also shows the agreed pay awards for April 202~~3~~<sup>2</sup> and ~~April 2023~~ however at the time of reviewing this statement, Unison have requested to renegotiate the 2% pay award for April 2023 in light of the current cost of living increases.

17. FHDC will be transparent on pay rises including the publication, on the Council's website, of any above inflation pay rises.
18. The pay for the Chief Executive and Director roles is subject to local pay negotiation and following a benchmarking exercise undertaken by an external advisor during early 2019 the Personnel Committee approved new pay scales for these roles in June 2019.

The current salary scales for the Chief Executive and Directors can be seen at **Appendix 2**.

19. New appointments to any of the council's pay grades are subject to the Council's recruitment and selection policy and will generally be made at the bottom pay point within a pay grade unless there are special circumstances that objectively justify payment at a higher pay point within the grade, e.g. where the candidate's current employment package would make the first point of the pay grade unattractive. This is determined following discussion with the Human Resources team and will be within the salary range for the role.
20. There are a small number of career-graded posts within the Council where advancement through a grade is based on achievement of relevant qualifications and completion of practical experience. In these cases, a job

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description has been created and evaluated to cover each stage of the career in order to assess advancement through the grade.

21. For the Chief Executive and Directors, 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.
22. FHDC operates a market supplement policy which allows an additional supplement to be applied on top of basic salary in order to attract applicants of the right calibre, and to retain employees with necessary skills and experience especially in professions where there is a particular skills shortage. A supplement of this kind can only be approved via submission of evidence from the recruiting manager to the Chief HR Officer who submits the documentation to the Corporate Leadership Team for review and approval by the Chief Executive. All such supplements are time limited and subject to appropriate review before consideration is given to an extension.
23. There may from time to time be situations where employees are transferred into FHDC from another organisations which have different pay and conditions. The employees' terms and conditions on transfer may be subject to protection under TUPE or TUPE-like arrangements, and as such may then be outside of the council's main pay structure until such time as it is possible for them to be integrated.
24. It is a recommendation of the DCLG<sup>1</sup> that Full Council should be offered the opportunity to vote before a new employee is offered a salary package of £100,000 or more in respect of a new appointment. At FHDC, all new employee appointments to chief officer posts are made in accordance with the pay grades identified within this statement (see Appendices 1 & 2), which includes those in excess of £100,000 per annum. Any proposed variation to the application of this policy in this regard will be reported to Full Council.

Of the chief officer posts whose salary package exceeds £100,000 upon appointment the following arrangements will apply under the council's constitution:

- The appointment of the Chief Executive is approved and voted on by Full Council following recommendation by the Personnel Committee.
- Directors are selected by the Personnel Committee. A report will then be prepared for Full Council on the recommended appointment enabling approval and voting by Full Council on that appointment.
- Assistant Directors are appointed by the Chief Executive. Should the salary package be in excess of £100,000 then a report will be prepared for Full Council on the recommended appointment enabling approval and voting by Full Council on that appointment.

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<sup>1</sup> Openness and accountability in local pay: guidance under section 40 of the Localism Act (Feb 2012)

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25. 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.
26. The posts with a current salary package above £100,000 per annum are the Chief Executive, Directors and (due to incremental increases and pay awards) Assistant Directors who are appointed within Grade L of the FHDC pay scales.

### Apprenticeships

27. With effect from 1 April 202~~32~~<sup>32</sup> the national hourly rate for the first year of an apprenticeship is –
  - £~~5.284.81~~ per hour irrespective of age

From the second year of an apprenticeship –

- Aged 17 £~~5.284.81~~ per hour
- Aged 18-20 £~~7.496.83~~ per hour
- Aged 21-22 £~~10.189.18~~ per hour
- Aged 23 and over £~~10.429.50~~ per hour

### Local Government Pension Scheme

28. Subject to qualifying conditions, all employees have a right to join the Local Government Pension Scheme. In addition, the Council operates pensions 'auto enrolment' as required by the Pensions Act 2008. The table below sets out the pension contribution bands which are effective from 1 April 2022.

Band	Actual annual pensionable pay <sup>2</sup>	Employee Contribution (%)
1	Up to £15,000	5.5%
2	£15,001 - £23,600	5.8%
3	£23,601 - £38,300	6.5%
4	£38,301 - £48,500	6.8%
5	£48,501 - £67,900	8.5%
6	£67,901 - £96,200	9.9%
7	£96,201 - £113,400	10.5%
8	£113,401 - £170,100	11.4%
9	More than £170,101	12.5%

The employer contribution rates are set by actuaries advising the Kent Pension Fund and are reviewed on a regular basis in order to ensure the scheme is appropriately funded. The employer contribution rate for 202~~32~~<sup>32</sup>/~~243~~<sup>43</sup> will remain is projected to increase to 20.2%at 17.9%.

<sup>2</sup> LGPS define pensionable pay as the total of all salary, wages, fees and other payments paid to an employee (Regulation 20 – Local Government Pension Scheme Regulations 2013) [The Local Government Pension Scheme Regulations 2013 \(legislation.gov.uk\)](#)

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29. There are no locally agreed enhancements to the pension scheme. With the exclusion of the Head of Paid Service responsibility for any such enhancements would be at the discretion of the Personnel Committee. In relation to the Head of Paid Service, any such enhancements would be at the discretion, and with the approval, of Full Council.
30. 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.

### Additional Information

31. In addition to incremental progression, FHDC provides the following additional payment schemes applicable to employees on the main pay framework:
  - When temporarily undertaking additional duties e.g. the full, or a proportion of, the duties of a higher graded post (acting up payment), or in carrying out election duties
  - Honorarium payments e.g. for exceptional level of performance
  - Allowances including payments for additional hours, weekend and/or public holiday working, disturbance, eye tests, first aid, car and standby
  - Additional and accelerated increments e.g. for exam success on pre-determined roles and qualifications but subject to the maximum of the pay grade not being exceeded.

There is no provision for bonus payments across the Council.

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.

32. FHDC also provides a car allowance payment for the Chief Executive and Directors.
33. In addition to basic salary, employees (including Chief Officers) are eligible for payments under the reimbursement of expenses policy e.g. for business travel.
34. FHDC also reimburses the cost of one practicing certificate fee or membership of a professional organisation provided it is relevant or essential to the post that an employee occupies within the council. In exceptional circumstances, and with the authorisation of a Director or the Chief Executive, the Council will reimburse more than one professional fee.
35. Chief Officers (Chief Executive and Directors) are performance managed differently from the performance management process applying to other employees. This includes input from, and assessment by, identified FHDC Members on an annual basis with a 6-monthly review of objectives.

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Targets are set and performance against those targets is assessed. Chief Officers receive incremental progression until the top of their grade is reached.

### **Charges, Fees or Allowances**

36. The following charges, fees or allowances are paid to the Chief Executive: Election Duties including as Returning Officer, paid separately from salary payments. The Council's Returning Officer, who is also the Chief Executive, 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.
37. Employees receive Election Fees when participating.

### **Employee Benefits**

38. The Council offers a discount at Folkestone Sport Centre Trust and a daily free swim at Hythe Pool to all employees.
39. An employee recognition scheme runs quarterly which recognises individual and team achievements across the council based on the core values plus a separate award for the employee of the year.

In addition it also recognises long service with the first level of recognition at 5 years and then every five years thereafter.

Employees recognised under this scheme receive a choice of vouchers or donation to charity.

40. The Council provides access to an Employee Assistance Programme which provides telephone and face to face counselling on a range of issues.

The Council also has access to an Occupational Health Service which helps to ensure that employees are properly supported enabling a return to work following an absence as soon as possible.

41. Employees are able to register with F&H Rewards, provided by Reward Gateway, which is a voluntary online platform providing access to discounts for high street / online shopping, holidays, insurance and household goods.
42. As part of the F&H Rewards scheme, employees are able to participate in a salary sacrifice scheme for the purchase of bicycles under a 'Cycle to Work' scheme and the purchase of white goods and electronics under the 'SmartTech' scheme.

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43. ~~At the time of writing, a salary sacrifice car lease scheme within F&H Rewards is also being launched to employees during the 2022/23 financial year.~~ During the 2022/23 financial year a new salary sacrifice car lease scheme was successfully launched to employees via the F&H Rewards scheme in conjunction with Tusker. The scheme focusses purely on electric and hybrid vehicles.
44. These salary sacrifice schemes and their operation are regulated by HM Revenues and Customs and there are strict rules around the management of the schemes. The schemes permit employees to 'sacrifice' part of their salary in exchange for a benefit. This means that tax and national insurance are not paid on the amount sacrificed effectively reducing the cost of the benefit to the employee. These schemes are open to all employees at the council with the proviso that their salary exceeds the National Minimum Wage after the deduction.

### Payments on Termination

45. 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 an authority to formulate, review and publish its policy on making discretionary payments on early termination of employment.
46. FHDC pays statutory redundancy payments in accordance with the Employment Relations Act 1998, which provides for a maximum calculation of up to 30 weeks' pay. The payment will be based on an employee's actual weekly salary rather than the figure set by the Government.
47. Full council will be offered the opportunity to vote on exit packages which are greater than £100,000<sup>3</sup>. In such circumstances, the employee will be made aware that before an exit package can be confirmed the information will firstly be considered by the Personnel Committee who will then recommend that the decision be taken by Council.

When presenting the information to Personnel Committee and Council the components within the package will be clearly outlined. These components may include:

- Salary paid in lieu of notice

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<sup>3</sup> Openness and accountability in local pay: guidance under section 40 of the Localism Act (Feb 2012)

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- Redundancy
- Compensation for loss of office
- Pension entitlements
- Pension costs required to be paid by the council to the LGPS
- Holiday pay
- Any bonuses, fees or allowances

Any such payments will be subject to compliance with all relevant legislation.

48. 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.
49. 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.

### **Gender Pay Gap Reporting**

50. The Equality Act 2010 (Gender Pay Gap Information) Regulations 2016 introduced a mandatory gender pay gap reporting duty for employers of 250 or more employees and came into force for qualifying public sector employers from April 2017. The pay information provided must be based on data from a specific pay period with the overall mean and median pay gap information being published before the 30<sup>th</sup> March each year.
51. As FHDC employs more than 250 staff the requirement to publish information has been met annually with the relevant calculations be presented to the Corporate Leadership Team in February before publication in March each year. The details are also provided to Personnel Committee annually in June which enables more benchmarked comparisons to be reported.

### **Publication and Access to Information**

52. FHDC is required to publish pay related information. This includes the Code of Recommended Practice for Local Authorities on Data

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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.

53. 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
54. Information on pay will be published on the FHDC website, as follows and by:
  - 1 June – the Pay Multiple figure, including the median average salary, and information on senior salaries
  - 30 September – the accounts as audited by the Council's external auditors.
55. This pay policy statement, once approved by Full Council, will be published on the Council's public website.
56. This statement is for the financial year 1<sup>st</sup> April 202~~3~~<sup>2</sup> – 31<sup>st</sup> March 202~~3~~<sup>4</sup>.
57. 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.

### Appendices:

Appendix 1 – FHDC Salary Scale

Appendix 2 – Chief Executive & Directors Salary Scale