

## ESSENTIAL REFERENCE PAPER 'C'

### **Pay Policy Statement 2012**

#### **Status of this statement**

A pay policy statement is required to be produced annually under section 38 of the Localism Act. Regard is to be had to any guidance from the Secretary of State in producing this statement.

Any decision under powers delegated in the Council's Constitution with regard to remuneration to be taken during 2012/13 will be bound by and must comply with this Statement.

The Head of People, ICT and Property Services must be consulted prior to any decision impacting on remuneration where there is any question regarding compliance with the Statement

#### **Coverage**

This statement sets out the Council's policy with regards to:

- the remuneration of chief officers
- the remuneration of the lowest paid employees
- the relationship between chief officers remuneration and that of other officers

"Remuneration" for the purposes of this statement includes three elements:

- basic salary
- pension
- all other allowances arising from employment

"Chief Officers" covers more than the Council's usual definition for the purposes of this statement.

The Council regards the following as its "chief officers"

Director of Customer and Community Services  
Director of Internal Services  
Director of Neighbourhood Services

One of which will be appointed as "Chief Executive and Director of .."

There is a statutory requirement that for the purposes of producing this statement that the following posts be covered by the policy statement alongside the above 4 posts.

Community Engagement Manager \*\*  
Head of Democratic and Legal Services  
Head of People, ICT and Property Services  
Head of Finance and Performance  
Manager of Corporate Risk  
Head of Environmental Services  
Head of Customer Services and Parking  
Head of Revenues and Benefits  
Manager Economic Development  
Hertford Theatre Director  
Head of Planning and Building Control  
Head of Community Safety and Health Services  
Manager of Housing Services

\*\* plus posts reporting thereto

In this policy statement the term “chief officers” refers to the three Directors in that where there are any differences in terms of the policy it is between this group and all other employees. For the second group of posts noted above there is no differentiation between this group and all other employees.

## **The Policy for 2012/13**

### Objectives of the policy

(a) to ensure a capable and high performing workforce

In respect of chief officers and all other employees the Council’s policy is to set remuneration sufficient to attract and retain adequately experienced, trained and qualified individuals to deliver the Council’s priorities.

(b) simplicity, clarity and fairness between employees and between the Council and the community

The Council aims to be transparent on pay to its staff, prospective staff and the wider community. Therefore other than the 5% addition after 3 years the Council does not pay any bonus, performance enhancement, hospitality or expenses allowance to any of its employees. This approach avoids processing costs of multiple allowance schemes and is fair in that “status” is never a determinant of entitlement to benefits or allowances.

(c) To differentiate between remuneration and other employee related expenses

The Council will meet or reimburse authorised travel, accommodation and subsistence costs for attendance at approved business meetings and training events. The Council does not regard such costs as remuneration but as non pay operational costs. This policy is applied consistently to chief officers and other employees.

## Remuneration subject to national and local determination

### **The national context**

#### Pay bargaining

The Council is a member of the local government employers association for national collective bargaining in respect of chief officers and other employees. There are separate negotiations and agreements in respect of each of these three groups. Changes from national negotiations generally take effect from 1 April each year and are retrospective to 1 April where agreements are struck later than 1 April. It is the Council's policy to implement national agreements. Chief officers are under the JNC conditions of service including pay. All other employees are under the NJC national agreement on pay and conditions of service.

Pay of the Chief Officers was last increased in April 2008 and of other staff in April 2009. Subject to negotiations the Council will apply any settlement reached in respect of April 2012 but is currently budgeting for a nil increase. The current expectation is that the next increases will be a 1% increase in each of 2013 and 2014 both of which will be offset by an equal reduction in respect of the local award.

In addition to pay the national agreements cover other terms and conditions such as annual leave and allowances for use of private vehicles on council business. The Council pays car allowances in accordance with these national scales which are the same for chief officers and other staff. The current rates (which were last increased in April 2009) are:

<b>Essential User Rates</b>	<b>451 - 999cc</b>	<b>1000 - 1199cc</b>	<b>1200 &amp; Above</b>
Lump sum per annum (Monthly payment pro rata)	£846 £70.50	£963 £80.25	£1,239 £103.25
Per mile - first 8,500 miles (Monthly mileage pro rata)	36.9p	40.9p	50.5p
Per mile - after 8,500 miles	13.7p	14.4p	16.4p
Amount of VAT per mile in Petrol element	1.400p	1.543p	1.681p
<b>Casual User Rates</b>			
Per mile - first 8,500 miles (Monthly mileage pro rata)	46.9p	52.2p	65.0p
Per mile - after 8,500 miles	13.7p	14.4p	16.4p
Amount of VAT per mile in Petrol element	1.400p	1.543p	1.681p

The Local Government Pension Scheme and policy with regard to the exercise of discretions

Pension provision is an important part of the remuneration package.

All employees may join the local government pension scheme. The scheme is a statutory scheme with contributions from employees and from employers. For more comprehensive details of the local government pension scheme see

<http://www.lgps.org.uk/lge/core/page.do?pagelId=1>

Neither the scheme nor the Council adopt different policies with regard to benefits for any category of employee: the same terms apply to the chief officers and other staff.

The scheme provides for the exercise of discretion that allow for retirement benefits to be enhanced. The Council will consider each case on its merits but has determined that its usual policy is not to enhance benefits for any of its employees. This policy statement reaffirms this in respect of chief officers and other employees.

The pension scheme provides for flexible retirement. In applying the flexible retirement provision no distinction is made between the chief officers and other employees. The scheme requires that a minimum reduction in working hours of 25% is made and/or there is a reduction in grade and that any consequential payments to the pension fund are recoverable in three years with the discretion to extend the three years in exceptional circumstances. The Council's Human Resources Committee will consider requests from a chief officer and directors will consider requests from other employees.

## **Local variations and allowances**

### Pay evaluation and the local award

All employees other than chief officers have their basic pay determined by a job evaluation scheme (the Hay scheme) which ensures that different jobs having the same value are paid at the same rate. The “job score” determines the pay scale for the job range within which there is provision for progression by annual increments until the top of the pay scale is reached. Most pay scales have 5 increments. Consideration will be given to a job evaluation scheme for chief officers during 2012/13.

All employees other than chief officers currently become eligible for a 5% addition to basic pay on completion of 3 years satisfactory service. The Council will reduce this payment to 2% by phased reduction at the same rate as any increase in pay is agreed under the national pay settlements.

Chief officers are paid a fixed spot salary with no provision for incremental progression or additional payment on completion of a period of service. The salaries of these posts will however be reduced by 3% to reflect the reduction in the 5% addition paid to other employees with the same basis of phasing the reduction.

### Discontinued benefits and allowances in run off

All employees were able to join a health insurance scheme sponsored by the Council. As a cost saving measure this benefit is being discontinued with effect from 16 January 2014. The, Director of Customer and Community Services and Director of Neighbourhood Services remain members of the scheme during its run off. For 2012/13 the cost of this benefit is £7782.34 (gross).

The Council operated a car lease scheme until January 2010 which provided for a contribution by the council up to a ceiling amount towards the annual cost of car suitable for council business. Leases in place when the scheme was discontinued will remain in place to the end of their generally three year term and a cash sum paid in lieu to January 2014 where leases are run off sooner. Where officers were in receipt of a cash equivalent sum this will remain payable to January 2014.

The cash or lease car benefit payable in 2012/13 in respect of chief officers ranges from £3,400 to £4,150 and from £3,100 to £3,900 for Heads of Service.

### Allowances on appointment

The Council’s policy is to not pay any form of “signing on” fee or incentive payment when recruiting.

Where it is necessary for a newly appointed employee to relocate to take up appointment the Council may make a contribution towards relocation expenses.

The same policy applies to, chief officers and other employees in that payment will be made against a range of allowable costs for items necessarily incurred in selling and buying a property and moving into the area.

The costs include estate agents fees, legal fees, stamp duty, storage and removal costs, carpeting and curtains, short term rental etc. The council will pay 80% of some costs and 100% of others or make a fixed sum available.

If an employee leaves within three years of first employment they normally will be required to reimburse a proportion of any relocation expenses.

Details of the full scheme can be found in the Council's Relocation Policy.

#### Redundancy payments and payments on termination

The Council has a single redundancy scheme which applies to all employees without differentiation. The Council does not provide any further payment to employees leaving the Council's employment other than in respect of accrued leave which by agreement is untaken at the date of leaving. Where termination of employment is subject to a compromise agreement that agreement may include a negotiated payment in exchange for which the employee undertakes not to pursue claims against the Council. The relevant Director in respect of other employees and the Human Resources Committee in respect of a Chief Officer shall only approve such payments where having regard to all the circumstances of the case and in particular the potential costs of alternative action and after taking appropriate advice they determine the sum involved is reasonable.

The redundancy payment is based on the length of continuous local government service which is used to determine a multiplier which is then applied to actual pay. The maximum number of years service taken into account is 20 and the resulting maximum payment is 78 weeks pay for anyone aged 61 or older. Details of the full scheme can be found in the Council's Redundancy Policy.

#### Additional Payments, Professional fees and subscriptions.

The Council will meet the cost of a legal practicing certificate for all those employees where it is a requirement of their employment. No other professional fee or subscription is paid. The Council makes this distinction on the basis of the relative cost to the employee and does not differentiate between chief officers and other staff.

At December 2011 three employees receive this benefit one of whom is the Director of Neighbourhood Services as monitoring officer.

The Director designated “Chief Executive and Director of ..” will receive a payment of up to £25,000 per year

The post designated as the Council’s S151 Officer will receive a payment of up to £10,000 per year

The post designated as Monitoring Officer will receive a payment of up to £10,000 per year .

The post designated Head of Paid Service will receive a payment of up to £10,000 per year

Provided that no one officer will receive more than one of the above additional payments

Where any Head of Service post is evaluated at a level which the “Chief Executive and Director of ..” determines to be significantly above the level recognised by the evaluation scheme an addition of up to 10% may be paid subject to annual review.

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This pay statement does not include the Returning Officer payment (see report to Council February 2007).

#### Higher level car user allowance

The Council has set a threshold of 2000 miles per year of business travel at which the higher rate of allowance the “Essential User Allowance” becomes payable. This threshold applies to chief officer as to all other employees.

#### Setting Salaries

For the posts of

Director of Customer and Community services

Director of Internal Services

Director of Neighbourhood Services

The Council will normally use external advisers when making an appointment. A major input from the adviser is information and advice as to the appropriate level at which to pitch the salary to be successful in recruiting. This statement is part of the process by which these salaries are reviewed.

As part of the general review of all employees’ terms and conditions agreement was reached to forgo the first 3% of any future pay award arising from national agreements for these posts.

### Pay ceilings

For 2012/13 the basic pay ceiling (i.e. excluding additional payments, professional fees and subscriptions and travel allowances ) for Director posts will be £90,000..As noted above national agreed pay settlements will be applied. For other posts covered by this statement the pay ceiling will be

Post	£
Community Engagement Manager	TBC
Head of Democratic and Legal Services	55,452
Head of People, ICT and Property Services	55,452
Head of Finance and Performance	55,452
Manager of Corporate Risk	40,741
Head of Environmental Services	55,452
Head of Customer Services and Parking	55,452
Head of Revenues and Benefits	55,452
Manager Economic Development	33,661
Hertford Theatre Director	34,549
Head of Planning and Building Control	55,452
Head of Community Safety and Health Services	55,452
Manager of Housing Services	26,499

### Pay floor

The pay floor is the remuneration of the lowest paid employees. “Lowest paid” is defined as the average pay of the 2% (8 individuals) of the Council’s employees with the lowest hourly rate. Where any employee is less than full time their pay is multiplied up to full time and the aggregate full time equivalent pay for the group divided by 8 to determine the average.

This definition of lowest paid is used to capture a meaningful number of employees avoiding distortions of a lesser number or an extended group such as lowest quartile which would require excessive averaging.

As at December 2012 this average was £15,844.50.

The Council will not pay basic pay less than the amount applicable to the bottom point of the national pay scales as agreed from time to time by the local government employers. Employees in this group will be entitled to all other benefits – fringe payments, local allowance (5%), car allowances, pension, relocation, redundancy as all other employees.

### Pay multiples

The council does not explicitly set the remuneration of any individual or group of posts by reference to a simple multiple of another post or group of posts. The use of multiples cannot capture the complexities of a dynamic and highly



varied workforce in terms of job content and skills required. Nor does it readily address the treatment of in house provided as against labour intensive bought in services if pay multiples are used as some sort of benchmark.

In terms of overall remuneration packages the Council's policy is to differentiate by setting different levels of basic pay to reflect differences in responsibilities but not to differentiate on other allowances, benefits and payments it makes.

The Council would not expect the remuneration of its highest paid employee to exceed 10 times that of the lowest group of employees.

Heads of Service reporting to Directors are paid basic salaries in a range of £45,587 to £55,452. There are 8 such posts.

Other than chief officers and heads of services pay ranges are as follows

Grade	Minimum £	Maximum £	Mid point £	Number of employees in the grade band ***
1/2	12,489	16,830	14,886	5.54
3	15,725	19,126	16,995	43.41
4	16,830	20,858	18,789	17.42
5	19,126	23,708	21,188	76.14
6	20,858	26,276	23,333	23.99
7	23,708	29,236	26,664	34.07
8	27,849	31,754	29,623	30.70
9	29,236	33,661	31,302	32.93
10	34,549	38,961	36,759	23.15
11	36,313	40,741	38,501	14.22
12	40,741	50,424	45,849	3.50
Total				305.07

\*\*\* Whole Time Equivalent

### **Future appointments and interim arrangements**

In the event of a vacancy –, chief officer or other employee – the arrangements set out above will apply in respect of permanent appointments.

If the need arises to provide agency or interim cover the policy is to seek to cap the cost of that appointment at no more than that of the permanent appointment taking into account additional employment costs – pension contributions, national insurance, paid leave etc. However, where necessary a higher “market rate” will be paid to secure a suitable individual and market rate will be established by reference to soft market testing, external advice and dialogue with peer authorities.

## **Publication and access to information**

The publication of and access to information relating to remuneration of chief officers will be set out in this document and published on the Council's website.