

EAST HERTS COUNCIL

HUMAN RESOURCES COMMITTEE - 20 MARCH 2013

REPORT BY DIRECTOR OF FINANCE AND SUPPORT SERVICES

SENIOR PAY REVIEW: FEBRUARY 2013

WARD(S) AFFECTED: *None specific*

Purpose/Summary of Report

To note the Senior Pay Report by HayGroup dated January 2013.

<u>RECOMMENDATION:</u> That	
(A)	the Senior Pay Report by HayGroup dated February 2013 be noted and the recommendations below be approved:
	(1) Chief Officers to remain on fixed spot salaries.
	(2) No changes proposed for Heads of Service.
	(3) Chief Executive/Director and Directors to remain on fixed spot salary and a review of the Chief Executive/Director base pay to be undertaken.

1.0 Background

1.1 The Council is a member of the Local Government Employers association for national collective bargaining in respect of Chief Executives, Chief Officers and other employees. There are separate negotiations and agreements in respect of each of these three groups. It is the Council's policy to implement national agreements. Chief Executive and 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.

1.2 All employees other than Chief Executive and Chief Officers

(grades 1/2 to 13) 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.

1.3 Chief Executive and Chief Officers posts are paid on a fixed spot salary basis (external advice on pay is sought on appointment) and the posts have previously not been job evaluated.

1.4 The Council's 2012/13 Pay Policy Statement states that consideration will be given to a job evaluation scheme for Chief Executive and Chief Officers during 2012/13.

1.5 Current pay structure

1.5.1 East Herts use the NJC spinal column scale up to SCP 49. The pay scales at East Herts continue up to SCP 66 and the nationally agreed pay increases apply to all of the spinal points in the scale. East Herts have grades 1/2 - 13 (up to and including Heads of Service) which were agreed with Unison in 2001 when all grades were reviewed by Hay as part of the Single Status process.

1.5.2 Heads of Service are paid between scale point 61 £45,587 to £55,452 (scale point 66).

1.5.3 Directors and the Chief Executive/Director are paid fixed spot salaries and their terms and conditions of service are in accordance with JNC.

1.5.4 Heads of service receive 28 days annual leave and are part of the flexi scheme; receive local weighting allowance and 5% local award. Chief Executive and Chief Officers receive a spot salary, 28 days annual leave and do not receive local weighting, local award or participate in the flexi scheme.

2.0 Report

2.1 Hay Group completed an independent review of East Herts senior management pay in October 2012 (Senior Pay at East Herts Council report by HayGroup dated February 2013 (Essential Reference Paper B). The intention of this report was to ensure that the internal job evaluation process was suitably robust and to

benchmark senior officer salaries against similar posts.

2.2 Key findings:

- 2.2.1 Current base pay for Heads of Service (HoS) is aligned with the median of the market. The market median is £55,120 and Heads of Service base salary is £55,452.
- 2.2.2 Current base pay for Directors is aligned with the median of the market. The market median is £79,528 and Directors base salary is between £74,541-£80,000.
- 2.2.3 If other cash benefits are taken into consideration (including London allowance of £555 (HoS only), 5% local award (HoS only), other cash and car allowance) then the base salary is above the median of the market for both Heads of Service and Directors. However it should be noted that the car allowance scheme ceases in January 2014 and the 5% local award will reduce to 2% in line with national pay agreements in the future.
- 2.2.4 Current base pay for the Chief Executive and Director of Customer and Community Services is below the median of the market. The market median is £118,800 and CE/Director base salary is £99,541. The Chief Executive and Director salary was to be reviewed following six months in post subject to the outcome of the senior manager pay review to be completed by HayGroup. The six month period was completed in 17 October 2012 but the review could not be undertaken as the Hay Group review has only now been completed
- 2.2.5 The organisational pay benchmark exercise was completed comparing base salary levels with other local government authorities. East Herts base salary is reasonably aligned to median pay across all grades, according to the Local Government pay database.
- 2.2.6 For all of Head of Service jobs, Hays job evaluations and our internal evaluations concurred, which demonstrates that our internal evaluation process is sound.

2.3 Recommendations

- 2.3.1 Three options were proposed by HayGroup, Narrow Bands, Broad Pay Bands and Spot Salaries. The recommendation for

Chief Officers is to remain on fixed spot salaries as the salaries of current incumbents is aligned to the median of the market.

2.3.2 No changes are proposed for Heads of Services as salaries are aligned to the median of the market.

2.3.3 The recommendations for Chief Executive/Director is to remain on a spot salary and a review of the Chief Executive/Director base pay to be undertaken to consider the market data and information/recommendations provided in the HayGroup report.

3.0 Implications/Consultations

Information on any corporate issues and consultation associated with this report can be found within **Essential Reference Paper 'A'**.

Background Papers

None

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