



Chairman and Members of the  
Human Resources Committee

Your contact: Lorraine  
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Ext: 2172  
Date: 17 April 2018

cc. All other recipients of the  
Human Resources Committee  
agenda

Dear Councillor,

### **HUMAN RESOURCES COMMITTEE - 18 APRIL 2018**

The Interim Head of Human Resources and Organisational Development has asked that the revised version of Essential Reference Paper "B" be circulated.

#### **5. Pay Policy Statement - Essential Reference Paper "B" (Pages 3 - 12)**

Members of Human Resources have already been circulated with the corrected version.

Yours faithfully

Lorraine Blackburn, Democratic Services

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**MEETING** : HUMAN RESOURCES COMMITTEE  
**VENUE** : COUNCIL CHAMBER, WALLFIELDS, HERTFORD  
**DATE** : WEDNESDAY 18 APRIL 2018  
**TIME** : 3.30 PM

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## **Pay Policy Statement 2018/2019 April 2018**

### **Introduction**

A pay policy statement is required to be produced annually under Section 38 of the Localism Act 2011. Guidance from the Secretary of State will be taken into account when producing this statement.

Any decision under powers delegated in the council's Constitution with regard to remuneration between 1 April 2018 to 31 March 2019 will be bound by and must comply with this statement.

This statement supports the requirements under the Local Government Transparency Code to publish data on Senior Salaries and Pay Multiple.

The Head of Human Resources and Organisational Development must be consulted prior to any decision impacting on remuneration to ensure compliance with this pay policy statement.

### **Scope**

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's constitution regards the following as its "Chief Officers"

Chief Executive

Director (2) (as at April 2018 one vacant post)

Statutory officer roles (Head of Paid Service; S151 Officer; Monitoring Officer)

There is a statutory requirement that for the purposes of producing this statement the following posts (Leadership Team) be covered by the policy statement as well as the above posts and statutory roles.

Head of Human Resources and Organisational Development  
Head of Strategic Finance and Property (S151 Officer)  
Head of Legal and Democratic Services (Monitoring Officer)  
Head of Shared Revenues and Benefits Service  
Head of Operations  
Head of Communications, Strategy and Policy  
Head of Housing and Health  
Head of Planning and Building Control

In this policy statement the term “Chief Officers” refers to the Chief Executive and two Directors’ roles in that where there are any differences in terms of the policy it is between this group and all other employees.

This policy statement applies to all Council employees, but not to other workers such as casuals, agency workers, etc.

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

### **Objectives**

East Herts Council recognises the importance of having a clear written policy statement on pay in order to ensure that employees are fairly rewarded and there is proper public accountability.

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.

The council aims to be transparent on pay to its employees, prospective employees and the wider community and uses and maintains an effective job evaluation system and procedures to provide equity and consistency in pay, whilst adhering to the basic principles of the national Local government single Status pay agreement.

### **Remuneration subject to national and local determination**

The council is a member of the Local Government Employers’ Association for national collective bargaining in respect of Chief Officers and other employees.

Changes from national negotiations generally take effect from 1 April each year and are retrospective to 1 April if agreements are finalised after 1 April. It is the council’s policy to implement national agreements.

The Chief Executive and Directors are under the JNC conditions of service including pay. All other employees are under the NJC national agreement on pay and conditions of service.

The national pay award for April 2018 has not been agreed at the date of this document's publication.

### **General Pay Policy**

All employees other than Chief Officers have their basic pay determined by a job evaluation scheme to ensure that different jobs which have the same value are paid on the same grade. Most pay grades have 6-8 spinal column points (increments).

The Chief Executive is paid a fixed spot salary with no set incremental progression. Performance is measured through the Leadership Team 360° performance review process.

Heads of Service and Directors' progression through the pay range and scale points is based on performance (measured through the LT 360° performance review process) rather than by annual increments.

Directors are paid on incremental scale points between a pay range of £75,750 - £90,658 base pay (pay award pending), with set incremental progression.

All employees other than Chief Officers currently become eligible for a 2% Local Award in addition to basic pay on completion of 3 years satisfactory service.

Basic pay is calculated on a pro-rata basis for part-time employees.

### **Setting Salaries**

For the posts of

Chief Executive  
Director (2)

The council will use robust recruitment processes when making an appointment to these roles, ensuring the best candidate for the role is appointed. In determining the appropriate salary, market testing and bench marking from peer authorities will be considered.

### **Pay ceilings**

For 2018/19 the basic pay ceiling for Chief Executive post will be £107,010 per annum (including an additional payment for Head of Paid Service) subject to the pending national pay award 2018.

The basic pay ceiling (i.e. including additional payments, salary protection and professional fees where appropriate) for Director posts will be £95,000. As noted above national agreed pay settlements will be applied. For other posts covered by this statement the pay ceiling for grade 13 will be

Post	£
Head of Legal and Democratic Services	*68,631
Head of Human Resources and Organisational Development	68,631
Head of Strategic Finance and Property	68,631
Head of Operations	68,631
Head of Housing and Health	68,631
Head of Communications, Strategy and Policy	68,631
Head of Planning and Building Control	68,631
Head of Shared Revenue and Benefits Service	68,631

(figures shows are subject to National Pay Award – pending)

Head of Shared Revenues and Benefits Service post receives 10% of base salary per annum for shared services role.

#### Pay floor

The pay floor is the remuneration of the lowest paid employees. “Lowest paid” is defined as the average pay of employees paid on grade 1/2. Grade 1/2 are the lowest grades paid by the council. This year the figure is 0.86% (3 part-time employees) of the council’s employees. 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 three to determine the average.

As at January 2018 this average was £17,772 per annum (full time).

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 (apprenticeships are excluded). Employees in this group will be entitled to all other benefits – local weighting, local allowance (2%), pension, 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.

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. In the case of East

Herts Council, the pay of the Chief Executive is 6.02 times the value of the lowest paid employee (calculated using current salaries at 1<sup>st</sup> April 2018).

The council is working towards and is committed to paying the National Living Wage by 2020.

Heads of Service reporting to Chief Executive are paid basic salaries in a range of £54,474 to £68,631. There are eight such posts.

Pay ranges are as follows as set on 1 April 2017

Grade	Minimum £	Maximum £	Median £	Median on all elements of remuneration *	Number of employees in the grade band **
1/2	15,014	17,772	15,807	16,708	0.70
3	16,781	20,138	17,772	18,712	37.80
4	17,772	21,962	19,430	20,404	16.55
5	20,138	24,964	21,962	22,986	87.27
6	21,962	27,668	24,174	25,242	23.91
7	24,964	30,785	27,668	28,806	35.89
8	29,323	33,437	30,785	31,986	17.95
9	30,785	35,444	32,486	33,721	30.45
10	36,379	41,025	38,237	39,587	22.99
11	38,237	42,899	40,057	41,443	6.57
12	42,899	53,094	48,277	49,828	8.86
13	54,474	68,631	60,365	62,157	7.00
Directors	75,750	90,658	88,708	N/A	2.00
Total					297.94

\* median point plus all elements of remuneration by grade which includes local weighting and 2% Local Award.

\*\* Full Time Equivalent (excludes Casual staff)

The Apprenticeship rate is £4.00 per hour for the first year and £4.50 per hour for the second year of the scheme.

### **Additional payments and Variations**

#### **Additional Payments**

The council's policy is to not pay any form of "signing on" fee or incentive payment when recruiting. Exceptions may occasionally be agreed for hard to recruit posts.

The posts designated as the council's S151 Officer, Monitoring Officer and Head of Paid Service will receive a payment of £5,000 per year. No officer will receive more than one additional payment.

### Acting Up and Honorarium payments

The council will ensure that acting up and honorarium payments are paid in a fair and consistent manner across the council.

Acting up payments can be made when an employee undertakes either some or all of the duties of a senior post, for a continuous period of four weeks or more (payment will then be backdated to the beginning of the cover).

Acting up payments do not apply for periods of less than four weeks or when an employee is providing cover for another employee's annual leave

Honorarium payments can be made where an employee has completed an important project or produced major work output to a high standard that is significantly above and beyond the scope of their normal duties, for significant additional duties not commensurate with the employee's current job description/grade or for work which is exceptionally onerous (e.g. difficult and/or demanding situations or working to extremely tight timescales).

Honorarium payments do not apply where additional work undertaken is of a like nature to the individual's existing job description; for project work or tasks that are an expected part of the employee's job role; for work above and beyond the employee's contracted hours.

Permanent changes to job roles should be dealt with through the job evaluation process.

The Head of Service with advice from the HR service have the responsibility for implementing and monitoring these arrangements.

### 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.

### **Market Supplements**

Market supplements are only paid in exceptional circumstances where several attempts have been made to recruit and usual recruitment processes have not resulted in an appointment. Market rate will be established by reference to soft market testing, external advice and dialogue with peer authorities.

### **Pension**

Pension provision is an important part of the remuneration package.



All employees (except those employees over the age of 75) may join the local government pension scheme. The scheme is a statutory scheme with contributions from the employee and from the employer.

All employees will automatically be enrolled into the LGPS pension scheme unless the contract of employment is less than 3 months' duration, although the employee does have the option to 'opt in'.

For more comprehensive details of the local government pension scheme see: <https://lgpsmember.org>

Neither the scheme nor the council adopt different policies with regard to benefits of employees, the same terms apply to the Chief Officers and other employees.

East Herts Council as an employer is under a legal duty to prepare and publish a written statement of its policy relating to certain discretionary powers under the Regulations which apply to the Local Government Pension Scheme ("the LGPS"). 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. The Policy on Exercise of Employer Discretions 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 permanent 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 Chief Executive will consider requests from other employees.

### **Annual Leave**

Annual leave entitlement is related to both an individual employee's spinal column point and length of continuous service in local government.

The council awards five days additional annual leave for employees that reach five years' local government service.

Spinal Column Point (SCP)	Annual leave entitlement	Annual leave entitlement after 5 years in continuous local government service
6 - 21	22 days	27 days
22 - 28	24 days	29 days
29 - 31	26 days	31 days
32 - 34	27 days	32 days
35 - 64	28 days	33 days

Annual leave entitlement is calculated on a pro-rata basis for part-time employees.

### **Occupational Sick Pay**

Entitlement to sick pay is related to continuous service, measured in complete months or years at the start of the period of absence. Any previous absences in the twelve months before the start of any absence are deducted from the entitlement.

Entitlement to sick pay is in accordance with the provisions of the NJC for Local Authorities, as follows:

During 1st Year	1 month's full pay and (after completing 4 months service) 2 months half pay
During 2nd Year	2 months full pay and 2 months half pay
During 3rd Year	4 months full pay and 4 months half pay
During 4th and 5th Year	5 months full pay and 5 months half pay
After 5 Years	6 months full pay and 6 months half pay

### **Expenses**

The council will meet or reimburse authorised travel, accommodation and subsistence costs for attendance at approved business meetings and training events in accordance with the council's Expenses policy. 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.

The council pays car mileage in accordance with HMRC approved rates which are the same for Chief Officers and other employees. The current rates are:

<b>Mileage</b>	<b>HMRC Rates</b>
Car* (first 10,000 business miles per annum)	45p per business mile
Car (after 10,000 business miles per annum)	25p per business mile
Electric Car Rate	20p per business mile**
Motorcycle Rate	24p per business mile
Bicycle Rate	20p per business mile
Passenger Rate (employee/member)	5p per passenger per mile

\*A Hybrid car falls under the Car HMRC rate of 45p per business mile.

\*\*HMRC does not currently provide an electric car rate/so the rate has been based on the bicycle rate.

### **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.

The redundancy payment is based on the length of continuous local government service which is used to determine a multiplier of 2.6 which is then applied to actual pay. Details of the full scheme can be found in the council's Redundancy Policy.

Where termination of employment is subject to a settlement agreement that agreement may include a negotiated payment in exchange for which the employee undertakes not to pursue claims against the council.

### **Future appointments**

In the event of a vacancy, Chief Officer or other employee the arrangements set out above in regards to pay will apply in respect of permanent appointments.

### **Publication and access to information**

The publication of and access to information relating to remuneration of Chief Officers' is set out in this document and published on the council's website.

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