

## **ESSENTIAL REFERENCE PAPER 'C'**

### **Pay Policy Statement 2015/2016 July 2015**

#### **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 from 1 April 2015 to 31 March 2016 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 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"

Chief Executive  
Director of Finance and Support Services  
Director of Neighbourhood Services

There is a statutory requirement that for the purposes of producing this statement the following posts (Senior Management Team) be covered by the policy statement as well as the above 3 posts.

Head of Democratic and Legal Services  
Head of Human Resources and Organisational Development  
Head of Strategic Finance  
Head of Revenues and Benefits Shared Service  
Head of Governance and Risk Management  
Head of Environmental Services  
Head of Business Development  
Head of Customer Services and Parking  
Head of Communications, Engagement and Cultural Services  
Head of Planning and Building Control Services  
Head of Community Safety and Health Services  
Manager of Housing Services

In this policy statement the term “Chief Officers” refers to the Chief Executive and two Directors in that where there 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 2015/16**

### 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 2% local award after 3 years service 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.

National Pay Award for Chief Officers was increased in January 2015 in accordance with the Chief Officer's pay award 2014-16. National pay Award for staff was also increased in January 2015. Non-Consolidated payments were made to staff on SCP 6 to 66 in December 2014 and SCP 26 to 66 in April 2015 in accordance with the NJC pay award 2014-16.

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	1.5670p	1.7270p	1.88101p
<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	1.5670p	1.7270p	1.88101p

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>

All Employees over 22 years of age, but below state pension age and earn more than the qualifying annual salary currently £10,000 per annum will automatically be enrolled into the LGPS pension scheme.

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.

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 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 grades have 6 SCP increments.

A benchmarking exercise for Chief Officers using the HayGroup job evaluation scheme was completed in October 2012.

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.

Chief Officers are paid a fixed spot salary with no provision for incremental progression or additional payment on completion of a period 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 settlement 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 2014, three employees receive this benefit one of whom is the Director of Neighbourhood Services as monitoring officer.

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." determines to be significantly above the level recognised by the evaluation scheme an addition of up to 10% base pay may be paid subject to annual review.

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

Chief Executive  
Director of Finance and Support 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. Fixed spot salaries will be set informed by the HayGroup Report on Senior Pay at East Herts Council (October 2012) as benchmarking information.

In respect of new appointments above the salary of £100K full council approval will be sought.

### Pay ceilings

For 2015/16 the basic pay ceiling for Chief Executive post will be £110,000 per annum (i.e. including additional payment for Head of Paid Service)

The basic pay ceiling (i.e. including additional payments and professional fees where appropriate) 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	£
Head of Democratic and Legal Services	57,239
Head of Human Resources and Organisational Development	57,239
Head of Strategic Finance	57,239
Head of Governance and Risk Management	57,239
Head of Environmental Services	57,239
Head of Business Development	57,239
Head of Customer Services and Parking	57,239
Head of Communications, Engagement and Cultural Services	57,239
Head of Revenues and Benefits Shared Services	57,239
Head of Planning and Building Control Services	57,239
Head of Community Safety and Health Services	57,239
Manager of Housing Services	57,239

Head of Revenues and Benefits 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 the 1.39% (5 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 5 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 2015 this average was £16,392.20.

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 (2%), casual/essential 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 £47,056 to £57,239. There are 11 such posts.

Other than Chief Officers pay ranges are as follows



Grade	Minimum £	Maximum £	Median £	Median on all elements of remuneration*	Number of employees in the grade band **
1/2	13,614	17,372	15,207	16,084	3.01
3	16,231	19,742	17,372	18,292	49.34
4	17,372	21,530	19,048	20,002	15.73
5	19,742	24,472	21,530	22,534	79.32
6	21,530	27,123	23,698	24,745	24.05
7	24,472	30,178	27,123	28,238	38.16
8	28,746	32,778	30,178	31,355	20.97
9	30,178	34,746	31,846	33,056	35.53
10	35,662	40,217	37,483	38,805	19.14
11	37,483	42,053	39,267	40,625	11.08
12	42,053	52,048	47,326	48,845	3.00
13	47,056	57,239	52,850	54,480	10.75
Total					310.08

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

\*\* Full Time Equivalent (excludes Casuals)

The Apprenticeship rate for the Council is Grade 1/2 commencing on scale point 6 (£13,614).

### **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.

**Responsibilities** (as required by Local Government Transparency Code)  
Data as at December 2014  
Budget: 2015/16

(To be reviewed on appointment of Chief Executive)

*Services/functions: Business Development; Communications, Engagement and Cultural Services; Economic Development; Environmental Services and Leisure; Customer Services, Information and Parking*

*Budget: £6,408,930*

*Staff headcount: 96*

Director of Finance and Support Services

Services/functions: Strategic Finance; Governance and Risk Management; Democratic and Legal Services; Human Resources and OD; Revenues and Benefits Shared Service; ICT Shared Service; SIAS

Budget: £4,942,260

Staff headcount: 150

Director of Neighbourhood Services

Services/functions: Planning and Building Control; Community Safety and Health; Housing Services; PA team

Budget: £3,150,520

Staff headcount: 113

Head of Democratic and Legal Services

Services/functions: Committee Support; Elections; Legal; land Charges

Budget: £622,240

Staff headcount: 18

Head of Human Resources and Organisational Development

Services: HR Policy development; HR Services; Payroll; Training; Organisational Development

Budget: £389,030

Staff headcount: 7

Head of Strategic Finance

Services/functions: Technical Accountancy; Management Accountancy; Treasury Management; Property; Asset Management; Property Investment

Budget: £188,780

Staff headcount: 13

Head of Revenues and Benefits Shared Service

Services/functions: Revenue; Benefits; Systems and Support, Control and Fraud

Budget: £105,320

Staff headcount: 91

Head of Governance and Risk Management

Services/functions: Risk; Procurement; Facilities Management; Health and Safety; Audit Champion; Transactional Finance; Insurance

Budget: £1,402,150  
Staff headcount: 21

Head of Environmental Services

Services/functions: Waste and Recycling; Environmental Inspection; Pest Control; Animal Warden; Parks and Open Spaces; Leisure Services  
Budget: £5,599,550  
Staff headcount: 33

Head of Business Development

Services/functions: BPI/BPR; Service Planning; KPIs/SLA; Management Information; Project Management; Performance; Commercialisation  
Budget: £132,710  
Staff headcount: 6

Head of Customer Services and Parking

Services/functions: Customer Services; FOI; Data Protection; Parking; Web team  
Budget: (£567,300)  
Staff headcount: 34

Head of Communications, Engagement and Cultural Services

Services/functions: Corporate Consultation; Community Engagement; Community Grants; Communications; Equalities Agenda; Sports and Arts Development; LSP/Partnerships; Hertford Theatre; Transport  
Budget: £942,420  
Staff headcount: 20

Manager Economic Development

Services/functions: Markets; Business Advice; Town Centre Improvements; Rural Development Programme  
Budget: £106,840  
Staff headcount: 3

Head of Planning and Building Control Services

Services/functions: Planning Services; Planning Policy; Conversation; Building Control  
Budget: £1,078,020  
Staff headcount: 52

Head of Community Safety and Health Services

Services/functions: Environmental Health, Licensing, Community Safety, Emergency Planning, Empty homes, Disabled Facilities Grants, CCTV partnership, Empty Homes, Private sector housing, Air Quality and Pollution, Drainage engineers  
Budget: £1,360,910  
Staff headcount: 42

Manager of Housing Services

Services/functions: Allocations; Housing Advice; Housing Register,  
Homelessness, Affordable Housing Development  
Budget: £491,730  
Staff headcount: 13

PA team

Services/functions: PA support to Executive  
Budget: £107,990  
Staff Headcount: 6