

Essential Reference Paper “B”

Pay Policy Statement 2016/2017 February 2016

1.0 Status of this statement

- 1.1 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.
- 1.2 Any decision under powers delegated in the council’s Constitution with regard to remuneration to be taken from 1 April 2016 to 31 March 2017 will be bound by and must comply with this Statement.
- 1.3 This statement supports the requirements under the Local Government Transparency Code to publish data on Senior Salaries and Pay Multiple.
- 1.4 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.

2.0 Coverage

- 2.1 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
- 2.2 “Remuneration” for the purposes of this statement includes three elements:
 - basic salary
 - pension
 - all other allowances arising from employment
- 2.3 “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
Directors x 2

- 2.4 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 3 posts.

Head of Democratic and Legal Services
Head of Human Resources and Organisational Development
Head of Strategic Finance and Property
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

- 2.5 In this policy statement the term “Chief Officers” refers to the Chief Executive and two 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.

3.0 The Policy for 2016/17

3.1 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.

3.2 Remuneration subject to national and local determination

The national context

3.3 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 Joint Negotiating Committee (JNC) conditions of service including pay. All other employees are under the National Joint Council (NJC) national agreement on pay and conditions of service.

National Pay Awards for Chief Executives, Chief Officers and all staff were last made 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 HMRC approved rates.

3.4 The current rates are:

| Car Mileage | HMRC Rates |
|--|-------------------|
| Per mile - first 10,000 business miles per annum | 45p |
| Per mile - after 10,000 business miles per annum | 25p |
| Amount of VAT per mile in Petrol element | 1.5670p |

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

4.1 Pension provision is an important part of the remuneration package.

- 4.2 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?pageld=1>

- 4.3 All Employees over 22 years of age, but below state pension age and earning more than the qualifying annual salary (currently £10,000 per annum) are automatically enrolled into the LGPS pension scheme.
- 4.4 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.
- 4.5 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.
- 4.6 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.

5.0 Local variations and allowances

5.1 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. Grade 13 and above progression through the pay range and scale points is based on performance (measured through a performance review process) rather than by annual increments.

- 5.2 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.
- 5.3 Chief Executive is paid a fixed spot salary with no provision for incremental progression or additional payment on completion of a period of service except probation period.
- 5.4 Directors are paid a fixed spot salary between a pay range of £75,000 - £90,000 base pay. Incremental progression is based on performance.
- 6.0 Allowances on appointment
- 6.1 The council's policy is not to pay any form of "signing on" fee or incentive payment when recruiting.
- 6.2 Where it is necessary for a newly appointed employee to relocate to take up appointment the council may make a contribution towards relocation expenses.
- 6.3 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.
- 6.4 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.
- 6.5 If an employee leaves within three years of first employment they normally will be required to reimburse a proportion of any relocation expenses.
- 6.6 Details of the full scheme can be found in the council's Relocation Policy.
- 7.0 Redundancy payments and payments on termination
- 7.1 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 Chief Executive 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.

7.2 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.

8.0 Additional Payments, Professional fees and subscriptions.

8.1 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 February 2016, two employees receive this benefit.

8.2 The post designated as the Council's S151 Officer will receive a payment of £5,000 per year.

8.3 The post designated as Monitoring Officer will receive a payment of £5,000 per year.

8.4 The post designated Head of Paid Service will receive a payment of £5,000 per year.

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

8.6 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.

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

9.0 Setting Salaries

For the posts of

Chief Executive
Directors

- 9.1 Spot salaries between a pay range of £75,000 - £90,000 base pay will be set informed by the Epaycheck partnership (Local Government pay benchmarking service- independent review of senior management pay in September 2015) as benchmarking information.
- 9.2 In respect of new appointments above the salary of £100K full council approval will be sought.

10.0 Pay ceilings

- 10.1 For 2016/17 the basic pay ceiling for Chief Executive post will be £105,000 per annum (i.e. including additional payment for Head of Paid Service).
- 10.2 The basic pay ceiling (i.e. including additional payments 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 basic pay ceiling for Grade 13 will be

| Post | £ |
|---|--------|
| Head of Democratic and Legal Services | 67,278 |
| Head of Human Resources and OD | 67,278 |
| Head of Strategic Finance and Property | 67,278 |
| Head of Operations | 67,278 |
| Head of Housing and Health | 67,278 |
| Head of Communications, Strategy and Policy | 67,278 |
| Head of Planning and Building Control | 67,278 |
| Head of Shared Revenue and Benefits Service | 67,278 |

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

11.0 Pay floor

- 11.1 The pay floor is the remuneration of the lowest paid employees. "Lowest paid" is defined as the average pay of the 1.34 % (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.
- 11.2 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.
- 11.3 As at November 2015 this average was £16,460

- 11.4 Employees in this group will be entitled to all other benefits – fringe payments, local allowance (2%), car allowance, pension, relocation, redundancy as all other employees.
- 12.0 Pay multiples
- 12.1 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 multipliers are used as a benchmark.
- 12.2 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.
- 12.3 The council would not expect the remuneration of its highest paid employee to exceed 10 times that of the lowest group of employees. (minimum salary is £13,614 x 10 = £136,140. Highest paid salary is £100,000 as at 1 February 2016 so does not exceed the limit set).
- 12.4 Heads of Service reporting to Chief Executive are paid basic salaries in a range of £53,401 to £67,278. There are 8 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 | 3.07 |
| 3 | 16,231 | 19,742 | 17,372 | 18,292 | 47.59 |
| 4 | 17,372 | 21,530 | 19,048 | 20,002 | 11.47 |
| 5 | 19,742 | 24,472 | 21,530 | 22,534 | 91.37 |
| 6 | 21,530 | 27,123 | 23,698 | 24,745 | 26.99 |
| 7 | 24,472 | 30,178 | 27,123 | 28,238 | 37.09 |
| 8 | 28,746 | 32,778 | 30,178 | 31,355 | 19.11 |
| 9 | 30,178 | 34,746 | 31,846 | 33,056 | 36.55 |
| 10 | 35,662 | 40,217 | 37,483 | 38,805 | 22.46 |
| 11 | 37,483 | 42,053 | 39,267 | 40,625 | 10.83 |
| 12 | 42,053 | 52,048 | 47,326 | 48,845 | 3.73 |
| 13 | 53,401 | 67,278 | 59,175 | 60,932 | 8.00 |
| Total | | | | | 318.26 |

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

** Full Time Equivalent (excludes Casuals)

12.5 The Apprenticeship rate for the Council is Grade 1/2 commencing on scale point 6 (£13,614). This will be increased from April 2016 in line with National Minimum Wage.

12.6 Grade 1/2 will be increased for SCPs 6-8 from April 2016 in line with the National Minimum Wage.

13.0 Future appointments and interim arrangements

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

13.2 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.

14.0 Publication and access to information

14.1 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.