

Essential Reference Paper “B”

Pay Policy Statement 2017/2018 March 2017

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 2017 to 31 March 2018 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 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”

Chief Executive
Director
Director
Statutory officer roles

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 three posts and statutory roles.

Head of Human Resources and Organisational Development
Head of Strategic Finance and Property
Head of Legal and Democratic Services
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 in that where there are any differences in terms of the policy it is between this group and all other employees.

The Policy for 2016/17

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 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.

National Pay Awards for Chief Executives and Chief Officers (directors) and other staff was made in April 2016. A two year agreement was reached for pay scales from April 2016 and April 2017.

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 gives 5 days extra annual leave for employees that reach 5 years local government service. The council pays car allowances in accordance with HMRC approved rates which are the same for Chief Officers and other staff.

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

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: <https://lgpsmember.org>

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 Chief Executive 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.

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

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 Executive is paid a fixed spot salary with no set incremental progression.

Directors are paid on incremental scale points between a pay range of £75,750 - £90,658 base pay with set incremental progression. Progression is based on performance (measured through a performance review process).

Allowances on appointment

The council's policy is to not pay any form of "signing on" fee or incentive payment when recruiting. The council does not have a 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 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.

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 February 2017, two employees receive this benefit.

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

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

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

Setting Salaries

For the posts of

Chief Executive
Director
Director

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.

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

Pay ceilings

For 2017/18 the basic pay ceiling for Chief Executive post will be £107,010 per annum (i.e. including additional payment for Head of Paid Service).

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

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 the 1.10% (4 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 4 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 February 2017 this average was £17,684.

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%), car allowance, 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 inhouse 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 Chief Executive are paid basic salaries in a range of £54,474 to £68,631. There are 8 such posts.

Pay ranges are as follows as at 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	1.51
3	16,781	20,138	17,772	18,712	42.37
4	17,772	21,962	19,430	20,404	11.81
5	20,138	24,964	21,962	22,986	89.84
6	21,962	27,668	24,174	25,242	24.28
7	24,964	30,785	27,668	28,806	36.41
8	29,323	33,437	30,785	31,986	18.05
9	30,785	35,444	32,486	33,721	35.05
10	36,379	41,025	38,237	39,587	19.50
11	38,237	42,899	40,057	41,443	9.65
12	42,899	53,094	48,277	49,828	4.00
13	54,474	68,631	60,365	62,157	8.00
Dir's	75,750	90,658	88,708	N/A	2.00
Total					302.47

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

** Full Time Equivalent (excludes Casuals)

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

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.