

## **Pay Policy Statement 2019/2020 April 2019**

### **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 has been taken into account when producing this statement.

Any decision under powers delegated in the council's Constitution with regard to remuneration from 1 April 2019 to 31 March 2020 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

The council’s constitution regards the following as its “Chief Officers”

Chief Executive

Deputy Chief Executive

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 Strategic Finance and Property (S151 Officer)

Head of Legal and Democratic Services (Monitoring Officer)

Head of Human Resources and Organisational Development

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 Deputy Chief Executive 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. The fees payable to the Returning Officer are set by statute for national elections, and are paid by central government. Fees are, also, payable to the Councils' Returning Officer for local elections. These fees are payable as required and can be made to any senior officer appointed to fulfil the statutory duties of this role. The Returning Officer is an officer of the Council who is appointed under the Representation of the People Act 1983. Whilst appointed by the Council, the role of the Returning Officer is one which involves and incurs personal responsibility and accountability and is statutorily separate from his/her duties as an employee of the Council. As Returning Officer, he/she is paid a separate allowance for each election for which he/she is responsible.

### **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 Deputy Chief Executive 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 (the NJC national agreement) set out a 2 year award applicable for April 2018 and April 2019 which was confirmed on 10/4/18. East Herts implemented the April 2018 award in May 2018 due to agreement being reached after the April 2018 Payroll was finalised.

The April 2019 implementation of the NJC agreement also creates a new pay scale with new SCPs (Spinal Column Points) starting from 1 rather than 6 and combining a number of existing points into one point e.g. both the current 6 and 7 assimilate to the new scp 1. The standard increase is 2% but in both April 2018 and April 2019 increases are bottom loaded meaning that points 6-28 of the old scale increase by more than 2% (ranging from 9.2% at the bottom (scp 6) to 3.3% for scp 28).

In addition to the NJC award applicable for April 2019 East Herts Council has negotiated further investment in pay for all staff through collective bargaining with the recognised trade union Unison. Previously staff could be awarded a local award

of an additional 2% payment once they had completed 3 years' service with East Herts. East Herts commissioned EELGA to review the current pay and grades and this demonstrated that the council was below market rates in a number of areas and this was supported by recruitment difficulties therefore an investment in pay was required as was the need to improve the grading structure.

The negotiated local agreement consolidated this 2% local award into the basic salaries of all staff regardless of service to improve recruitment and retention (the local 3 year award has therefore ceased from 1/4/19). Staff have been assimilated to the closest new scp point within the revised NJC rates e.g. an old scp 6 has been assimilated to a new scp 4 rather than a scp 1. The local negotiated agreement has also sought to address undesirable significant overlaps between grades and to reduce the number of increments in grades so progression through grades and differences between grades became more meaningful and fair. This therefore meant that the base of grades increased along with some additional headroom created where this was appropriate as well as reducing the number of increments within grades. As part of the local collective agreement the terms around Redundancy and Disturbance have been reduced: the previous redundancy multiplier has reduced from 2.6 to 2 and the previous protection on pay when redeployed to a lower paid role has reduced from 3 years to 1.5 years and the same was applied to disturbance allowances (again from 3 years to 1.5 years).

### **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. Grades have between 4-7 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 the Deputy Chief Executive's progression through the pay range (incremental points) is based on performance (measured through the LT 360° performance review process) rather than by annual time served increments and this can lead to drop of one increment if poor performance has been established.

The Deputy Chief Executive is paid on incremental scale points between a pay range of £90,020 to £99,757 base pay, with set incremental progression also based on performance.

There are no other additional elements of remuneration in respect of overtime, flexi-time, bank holiday working, stand-by payments, emergency call rota, etc, paid to these senior staff (Chief Officers and Leadership Team), as they are expected to undertake duties outside their contractual hours and working patterns without additional payment.

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

All employees (except chief officers) receive local weighting which is called an outer fringe payment which is determined by the NJC, for 2019-2020 this is £609pa for a full time employee.

### Setting Salaries

For the posts of

Chief Executive

Deputy Chief Executive

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. Both the Chief Executive and Deputy Chief Executive salaries have been benchmarked for 2019-2020 and this has led to a revised spot salary for the incoming Chief Executive in line with market expectations as advised by EELGA and a revised salary range for the Deputy Chief Executive which reflects the deletion on the two previous Director posts and previous range determined for those Director posts.

### Pay ceilings

For 2019/20 the basic pay ceiling for Chief Executive post will be £120,000 per annum (including an additional payment for Head of Paid Service).

The basic pay ceiling (i.e. including additional payments, salary protection and professional fees where appropriate) for Deputy Chief Executive will be £99,757. 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 £73,305 (the outer fringe area allowance is paid in addition to these posts):

Grade 13 Posts:

Head of Legal and Democratic Services\*

Head of Strategic Finance and Property\*

Head of Human Resources and Organisational Development

Head of Operations

Head of Housing and Health

Head of Communications, Strategy and Policy

Head of Planning and Building Control

Head of Shared Revenue and Benefits Service \*\*

\* Both of these posts are statutory posts designated as the council's Monitoring Officer and S151 Officer respectively (see additional payments below for further details).

\*\* Head of Shared Revenues and Benefits Service post receives an additional 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 2. Grade 2 are the lowest grades paid by the council. This year the figure is 0.61% (2 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 two to determine the average.

As at 1 April 2019 2019 this average will be £18,990 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, 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.

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 6.32 times the value of the lowest paid employee (calculated using salaries at 1<sup>st</sup> April 2019).

The council does not belong to the Living Wage Foundation but as our staff salaries (excluding apprenticeships) start at scp 4 which is £9.55 per hour plus outer fringe the council is significantly above the required £9 per hour set in November 2018.

Pay ranges are as follows as set on 1 April 2019

Grade	Minimum £	Maximum £	Median £	Number of employees in the grade *
2	18,426	19,945	19,171	1.04
3	20,344	22,021	21,166	33.18
4	22,021	23,836	22,911	19.43
5	23,836	26,999	25,295	79.31
6	26,999	29,636	28,345	18.59
7	29,636	32,878	31,371	41.30
8	32,878	35,934	34,294	16.50
9	35,934	38,813	37,363	27.69

10	40,760	44,632	42,683	18.74
11	44,632	50,228	47,072	9.68
12	50,228	58,149	54,406	9.00
13	62,803	73,305	67,831	8.00
Deputy Chief Exec	90,020	99,757	94,763	1.00
Total				283.46

\* Full Time Equivalent (excludes Casual staff)

The minimum apprenticeship pay rate set by East Herts is £4.70 for year one, the national living wage rate is paid as appropriate to an individual's age range thereafter (i.e. from year 2).

### **Additional payments and Variations**

#### Additional Payments

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

The statutory posts designated as the council's S151 Officer, Monitoring Officer and Head of Paid Service will receive a payment of £10,000 per year. No officer will receive more than one additional statutory post 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 (although higher paid staff are required to pay a higher contribution in terms of the percentage of pay deducted as a pension contribution).

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 Leadership Team 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
4-22	25 days	30 days
23-25	26 days	31 days
26-28	27 days	32 days
29-59	28 days	33 days

Chief Officers

30 days

35 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 as set out in the employee contract, the council follows the statutory process in terms of age multipliers and a maximum of 20 years' service, however, no

statutory cap is applied to weekly pay and actual weekly pay is used in all cases and the council then further enhances the redundancy payment by applying a multiplier of 2. Details of the full scheme can be found in the council's Redundancy Policy.

### **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.