

**Hertfordshire County Council
Pay Policy 2016/17**

1. Introduction

- 1.1 This Pay Policy 2016/17 sets out the Council's position in relation to pay for its senior managers and lowest paid employees in compliance with the Localism Act 2011.
- 1.2 The Policy outlines the Council's approach to how it manages pay for its senior managers and also sets out the Council's definition of its lowest paid employees.

2. Scope of Pay Policy

- 2.1 The Pay Policy covers the following roles at Hertfordshire County Council:
- Chief Executive and Director of Environment (Head of Paid Service);
 - Directors (Chief Officer statutory and non statutory);
 - Deputy and Assistant Director roles (this includes the roles of Deputy Chief Officer and Monitoring Officer and NHS Consultants);
 - Heads of Service (where they report to a Director);
 - Chief Fire Officer;
 - Deputy Chief Fire Officer;
 - Assistant Chief Fire Officer.
- 2.2 The following roles form the Council's Strategic Management Board:
- Chief Executive & Director of Environment (Head of Paid Service);
 - Director of Resources (Chief Finance Officer)
 - Director Health and Community Services (Statutory Director of Adult Social Services);
 - Director of Children's Services (Statutory Director Children's Services);
 - Director Community Protection (Chief Fire Officer);
 - Director of Public Health; (Statutory Director Public Health)
 - Deputy Director, Environment (Statutory Traffic Manager)
- 2.3 The terms of the employees referred to in paragraph 2.1 are all set by the Council via individual agreements. They are not covered by any nationally determined collective agreements. The exception to this are NHS Consultants who report to the Director of Public Health. The terms and conditions and pay for Consultants in Public Health are set nationally by the NHS Employers. Pay is reviewed annually by the Doctors and Dentists Review Body.
- 2.4 This Pay Policy does not cover those employed in schools. Each school is already required to publish a separate pay policy.

3. Job Evaluation

- 3.1 All roles are evaluated using the Hay job evaluation methodology to ensure roles are graded fairly, accurately and consistently. This allocates each role a locally agreed grade. These grades are Chief Officer, PMA, PMB or PMC. PMC is split into 3 zones. Each grade is matched to a salary range. These salary ranges are set by the Council.

4. Salary Ranges

- 4.1 All senior managers are paid on spot salaries within a salary range. The salary ranges exist to set a minimum and maximum for each grade. There are no increments in the salary ranges. Salary ranges are reviewed annually in January. The Employment Committee agrees any changes to the Chief Officer salary range and the fixed salary point of the Chief Executive and Director of Environment and makes a recommendation to the Chief Executive and Director of Environment for any changes to the salary ranges for Deputy and Assistant Directors and Heads of Service. These are undertaken against an assessment of the local and national market including an assessment of inflation rates. Any changes to salary ranges are implemented in April. See section 8.1 for further details.
- 4.2 The Chief Executive and Director of Environment is the highest paid role in the Council. The role has a fixed salary point. The current basic salary for the role of Chief Executive and Director of Environment at Hertfordshire County Council is £185,000 (1 April 2016)
- 4.3 All salary ranges and the fixed salary point for the Chief Executive and Director of Environment are published on the Council's website, [Herts Direct](#).

5. Recruitment and retention of Senior Managers

- 5.1 All senior manager vacancies will require an assessment of the market prior to advertisement to make a decision in regard to the 'circa' salary within the salary range, (or zone for PMC) that the role should be advertised at. The entire salary range should not be advertised.
- 5.2 All appointments to senior manager posts are made on a spot salary within the salary range that the role has been allocated to. Spot salaries should be at the lower end of the market indicators. Consideration will be given to:
- The wider recruitment market
 - Relativity of salaries of comparable roles
 - Equality
 - Size and responsibilities of the post and duties to be undertaken.

- 5.3 The decision on the salary of the post prior to an offer being made will be approved by the Assistant Director Human Resources (HR). See section 5.4 with regard to posts with salary packages over £100,000 per annum.
- 5.4 Recruitment to vacancies with salary packages above £100,000 per annum will be in accordance with Annex 14 of the Constitution and this Pay Policy.
- 5.5 The decision on the actual salary over £100,000 per annum within the ranges set by Employment Committee to which an employee is appointed will be made by the Chief Executive and Director of Environment in consultation with Group Leaders following guidance from the Assistant Director of Human Resources (HR). If any Group Leader or Group Leaders who individually or collectively represent 5 or more members of the Council dissent from the proposed salary for an appointment then the salary package for that appointment shall be referred to full Council for decision.
- 5.6 In exceptional circumstances the Council retains the discretion to apply an additional payment to attract or retain a senior manager where appropriate, based on the market. These payments are approved by the Chief Executive and Director of Environment with guidance from the Assistant Director of HR. **Where:**
- (i) the proposed additional payment is to an employee whose salary is already £100,000 p.a. or more, or
 - (ii) the proposed additional payment if approved would result in the employee's salary rising to £100,000 p.a. or more
- the Chief Executive will consult Group Leaders on the proposed increase. If any Group Leader or Group Leaders who individually or collectively represent 5 or more members of the Council dissent from the proposed additional payment then the salary package for that employee shall be referred to full Council for decision.
- 5.7 The Council has made the decision that the approval of salary packages with a salary of £100,000 p.a. or more **and increases in salary as mentioned in paragraph 5.6 above** shall be decided as set out in the preceding paragraphs taking into account that the limited number of times that full Council meets each year that it would not be an efficient use of resources to call full Council to consider an individual appointment **or salary increase**.
- 5.8 The process as set out in the preceding paragraphs enables some flexibility if any negotiation is required with a candidate **on appointment**. It also ensures that all Groups on the Council via their Group Leaders are made aware of proposed salary packages with a salary over £100,000 p.a. **and increases as mentioned in paragraph 5.6 above** and

can express their views to the Chief Executive and if necessary the matter can be considered at a meeting of full Council.

6. Contract for Services

- 6.1 Exceptionally where a senior manager is engaged under a contract for services (as a consultant) the rate of pay will be determined by the nature of the service to be delivered and the market rate for that role. The rate of pay will be agreed by the Assistant Director of HR in consultation with the relevant Director or the Chief Executive and Director of Environment.

7. Remuneration Package

As well as basic salary all senior managers are employed on the following terms of employment:

7.1. Annual Leave

The annual leave year runs from 1 April to 31 March. Annual leave entitlement is dependent on grade and continuous service. In addition to annual leave, employees are entitled to statutory holidays each year. The annual leave entitlement for a full year (pro-rata for part-time staff) is as follows:

Role / Grade	Less than 5 years of continuous service	On the anniversary of 5 years continuous service	On the anniversary of 10 years continuous service
Chief Executive Chief Officer (CO's) Deputy and Assistant Directors (Grade PMA/PMB)	33 days	33 days	33 days
Heads of Service (Grade PMC)	28 days	30 days	31 days

7.2. Cars and Mileage

7.2.1 Lease Cars

- 7.2.1.1 Eligibility for a lease car is based on completing over 2250 average annual business miles per annum. Eligible employees receive a monthly contribution (£50 per calendar month for those completing over 2250 average annual business miles per annum and £100 per calendar month for those completing over 5000 average annual business miles per annum) from the Council towards the cost of the car. All lease cars are limited to those with emissions below 100 g/km of CO₂.

7.2.2 An Extended Lease scheme was introduced in May 2014 offering certain employees who do over 1500 miles and meet the role eligibility criteria (roles that meet a shortage skill requirement i.e. Social Worker) access to a lease car. There is no employer contribution toward the car but the Council does pay for its insurance and maintenance.

7.2.3 All lease car business mileage can be claimed at a rate based on the HMRC's company car advisory fuel rates.

7.2.3 Private Cars

Where an employee uses their own private car for business use all business miles undertaken can be claimed at a rate based on the HMRC's Approved mileage rate.

7.3 Sick Pay

7.3.1 The entitlement to sick pay for all employees is as follows:

First 2 days absence in each period of absence	No pay
During the first 6 months of service	Statutory Sick Pay Only
During the second 6 months service (month 7 – 12)	1 months full pay and 1 months half pay
During the second year of service	2 months full pay and 2 months half pay
During the third year of service onwards	3 months full pay and 3 months half pay
During the fourth year of service onwards	4 months full pay and 4 months half pay

7.4 Additional Payments

7.4.1 Senior managers are not entitled to claim any additional payments, such as overtime, standby or payments for working at the weekend.

7.5 Market Payments

7.5.1 The Council retains the discretion to apply a market payment to attract or retain a senior manager where appropriate. These payments are approved by the Chief Executive and Director of Environment with guidance from the Assistant Director of HR.

7.6 Subsistence Rates

7.6.1 Senior managers are only entitled to claim subsistence for meals if they are required to stay out of the county on business.

7.7 Honoraria payments

- 7.7.1 Honoraria Payments are made in exceptional circumstances where an employee is temporarily taking on additional duties of another post. The value of the payment will be proportionate and based on the amount of work and length of time the additional duties are undertaken. All payments are approved by the Chief Executive and Director of Environment with guidance from the Assistant Director of HR.

7.8 Election Fees

- 7.8.1 The Chief Legal Officer is the Returning Officer for County Council elections and does not receive any election fees.

8. Managing Pay

8.1 Cost of Living Increases for Senior Managers

- 8.1.1 The decision on the setting of a cost of living increase is undertaken annually by the Employment Committee. The Committee decides on the value of any the cost of living award to be paid to the Chief Executive and Director of Environment and the Chief Officers and makes a recommendation to the Chief Executive and Director of Environment, who has the final decision on the value of any cost of living award to be paid to Deputy and Assistant Directors and Heads of Service.
- 8.1.2 Any cost of living increase that is agreed will be paid in April each year and consolidated into pay. In the exceptional circumstance where an individual's pay exceeds the maximum pay for the grade any payments (i.e. cost of living increase) will be made as a non-consolidated payment. Only those senior managers that achieve a performance rating of Fully Achieved or Exceed (see section 8.2 for further details of the performance management scheme) will be eligible for a cost of living award. Any employee who has a 'Not Met' or Partly Met rating will not get cost of living increase consolidated into their pay and therefore their salary may fall below the minimum of the range if the range is increased.
- 8.1.3 Senior managers starting on or after 1 October will receive a consolidated cost of living increase as long as they are assessed as performing within their probation period and have been assessed as such at the milestones within their probationary review.
- 8.1.4 The decision on the value of any cost of living increase will take account of the current market (including inflation rates and affordability).

8.2 Performance Increases for Senior Managers

- 8.2.1 Individual performance of senior managers is assessed via the Council's Performance Management Development Scheme (PMDS). At the end of each performance year their performance is assessed against their objectives and the Council's Values and Behaviours. Each manager is awarded an overall performance rating of Not Met, Partly Met, Fully Achieved or Exceed, reflecting their achievement against their objectives and the Council's Values and Behaviours.
- 8.2.2 Employment Committee will each year agree on the value of a non consolidated performance payment to be paid to the Chief Executive and Director of Environment and the Chief Officers, subject to individuals achieving an Exceed rating, and makes a recommendation to the Chief Executive and Director of Environment, who has the final decision on the value of a non consolidated performance payment to be paid to Deputy and Assistant Directors and Heads of Service that are awarded an Exceed rating.
- 8.2.3 The decisions on the value of any performance payment will take account of the current market including inflation rates and affordability.
- 8.2.4 Any senior manager appointed between the 1 April and the 30 September of the performance year will qualify for the non consolidated performance payment subject to their rating. Senior managers starting on or after 1 October will not qualify for the non consolidated performance payment until the end of the following performance year subject to their performance rating.

8.3 Change to pay mid performance year

- 8.3.1 Where a role significantly varies within the performance year an assessment will be undertaken of any additional duties to decide if an alteration to pay or grade is necessary.
- 8.3.2 All decisions relating to the movement of pay for Deputy and Assistant Directors and Heads of Service are assessed and approved by the Assistant Director of HR in consultation with the relevant Director or the Chief Executive and Director of Environment. Any changes to pay for Chief Officers are approved by the Chief Executive with guidance from the Assistant Director of HR.

8.4 Tax and Bonus Payments

- 8.4.1 Senior Managers may be eligible for a non consolidated performance payment linked to performance each year. The eligibility and value of this payment is set by the Employment Committee as set out in section 8.2.

8.4.2 The Council's remuneration arrangements are designed to ensure payments are in line with taxation rules.

9. Payments on Termination of Employment for Senior Managers

9.1 Redundancy and Other Payments

9.1.1 An employee whose contract of employment is terminated due to redundancy will be eligible for a redundancy payment. Payments are made based on the statutory calculator for age and years of service but use that employee's actual week's pay.

9.1.2 An employee whose contract of employment is terminated may be entitled to other payments (e.g. payment in lieu of notice). Any such payments must be approved by the Assistant Director of HR and the relevant Chief Officer or the Chief Executive and Director of Environment.

9.1.3 In exceptional circumstances, and specifically so as to settle a claim or a potential dispute, the Assistant Director of HR in consultation with the Chief Legal Officer, can agree payment of a termination sum.

9.1.4 Any exceptional payment(s) as part of a severance package that results in the severance package being of a value of £100,000 or more will be approved by the Chief Executive and Director of Environment in consultation with Group Leaders following guidance from the Assistant Director of HR. If any Group Leader or Group Leaders who individually or collectively represent 5 or more members of the council dissent from the proposed payment(s) then that severance package shall be referred to full Council for decision.

9.1.5 The Council has made the decision that the approval of severance packages which include exceptional payment(s) bringing the value of the package to £100,000 or more shall be decided as set out in the preceding paragraph taking into account that the limited number of times that full Council meets each year that it would not be an efficient use of resources to call full Council to consider an individual severance package. The process as set out in the preceding paragraph enables some flexibility to take into account the circumstances at the time of the ending of the individual's employment. It also ensures that all Groups on the Council via their Group Leaders are made aware of proposed severance packages with exceptional payment(s) that take the package to £100,000 or more and can express their views to the Chief Executive and Director of Environment and, if necessary, the matter can be considered at a meeting of full Council.

9.1.6 The Council would not expect to re-employ an individual who has left the organisation as a result of a severance payment. The Council would not expect to re-employ an individual who has left as a result of

Redundancy or retirement immediately after they left unless it is to a vacancy that was not available at the time they left the organisation.

9.1.7 An employee who is made redundant or retires must have a break of at least one month and one day to break their continuous service with the Council before they can be re-employed by the Council in a different position. If they are re-employed before this time they lose entitlement to any redundancy payment or may be liable for taxation on their retirement allowance.

10. Pensions (Local Government Pension Scheme & Firefighters Pension Schemes)

10.1 Membership

10.1.1 Membership of a pension scheme is determined by the employee's conditions of service and is subject to the provisions of the Scheme. All local government employees (including senior managers) are eligible to join the Local Government Pension Scheme (LGPS). The Chief Fire Officer and Deputy and Assistant Chief Fire Officers are entitled to join the Firefighters Pension Scheme.

10.2 Pension Contributions

10.2.1 Employee contributions are set nationally. The following table sets out the employee and employer contribution rates.

	Employee Contributions for those paid above £50k (1 April 2016)	Employer Contributions (1 April 2016)
Local Government Pension Scheme	8.5% / 9.9% / 10.5 / 11.4 or 12.5% depending on individual salary	20.6%
Firefighters Pension Scheme 1992	15.5/ 16% / 16.5% or 17% depending on individual salary	21.7%
New Firefighters Pension Scheme 2006	11.3% / 11.7% / 12.1% or 12.5 % depending on individual salary	11.9%

Firefighters Pension Scheme	13.5 % or 14.5% depending on individual	14.3%
2015	salary	

10.3 Pension Scheme Discretions

10.3.1 County Council and Fire employees are eligible to be members of their statutory pension schemes. The core pension benefits of these schemes are determined by statutory regulations.

10.3.2 The Local Government Pension Scheme incorporates employer discretions and discretionary benefits. The Council has published the Local Government Pension Scheme discretions and the Firefighters Pension discretions on [Herts Direct](#). This sets out the parameters on managing pension decisions with regard to: business efficiency; ill-health retirement; early retirement requests; waiving any actuarial reductions; flexible retirement and request for payment of deferred benefits

10.4 Pension Abatement

10.4.1 Abatement of pension is designed to restrict the income of pensioners who return to employment. This is a [discretion of the administering authority of the Local Government Pension Scheme](#), not the employer. The guiding principle adhered to by the County Council as Administering Authority for the Hertfordshire LGPS is that an employee should not have a bigger income as a result of receiving both a salary and a pension than they would have been paid had they remained in their original job. Abatement of pension applies to pension benefits built up before 1 April 2014. There are no abatement provisions in the Local Government Pension Scheme 2014.

10.4.2 The Firefighters' Pension Schemes 1992 / 2006 & 2015 schemes allow the Council to abate pensions of individuals who return to work as a Firefighter. The Firefighters' Pension Scheme 2006 allows the Council to abate pensions of individuals who return to work with a fire authority in any capacity, including one that is subject to the Local Government Pension Scheme.

10.4.3 The Firefighters 1992 scheme allows members subject to at least 25 years' service, to retire before their protected pension age. For any firefighter who retires before their protected pension age and subsequently re-joins the Fire Authority or a connected employer (which would include another FRA and/or work as a retained firefighter) pension abatement rules do not apply.

10.4.4 Consultants who are contracted by the Council are either self-employed or employed by bodies who are not scheme employers and, therefore, pension abatement rules do not apply.

11. Lowest paid employees

11.1 The Council's definition of its lowest paid employee for the purposes of this policy is employees paid on the nationally agreed spinal column point 6. As at 1 April 2016 this equates to £TBC (Note: awaiting national pay settlement for April 2016 to confirm this rate) per annum for a full time employee (i.e. working 37 hours a week). This definition has been adopted as Hertfordshire County Council participates in national pay bargaining for all local government employees (excluding senior managers) and utilises the nationally determined spinal column points.

11.2 The Council has a policy on the pay for apprentices, individuals undertaking a work trial, industrial placements and Internships. All jobs are evaluated in line with the Council's Job Evaluation policy and paid on the Council's salary scales. All posts are paid at or above the Council's definition of the lowest paid employee (see section 11.1) with the exception of Health and Social Care Trainees who are currently paid £110 per week as part of a pre-apprentice ship scheme.

12. Pay Ratios

12.1 The Council has revised the ratio it publishes in April 2016 in line with the DCLG Local Government Transparency Code 2015. This ratio is published on the Council's website, [Herts Direct](#).

12.2 The revised definition is the ratio between the total remuneration of the Council's highest paid employee (Chief Executive) and the median total remuneration of all employees in Council Departments (excludes school employees). The Council's ratio is [here](#).

12.3 The earnings are calculated on remuneration including additional payments such as bonuses. This ratio is based on full time equivalent salaries.

13. Pay Transparency

13.1 In order to be transparent, the Council publishes the details of senior manager salaries and senior manager structures for all employees paid £50,000 per annum or more. This is published in line with the DCLG Local Government Transparency Code 2015.

13.2 This data is reviewed and refreshed annually and can be found on Hertfordshire County Council website, [Herts Direct](#) under 'Your Council' then 'Working for You' and then 'Open Data'.

13.3 Information on senior manager salaries is also published in the [Council's Annual Statement of Accounts](#).