

HERTFORDSHIRE COUNTY COUNCIL
EMPLOYMENT COMMITTEE
MONDAY, 6 FEBRUARY 2017 AT 2.00PM

Agenda Item
No.

3

**SALARY REVIEW APRIL 2017: CHIEF EXECUTIVE AND DIRECTOR
OF ENVIRONMENT**

Report of the Assistant Director, Human Resources

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1. Purpose of report

- 1.1 The salary of the Chief Executive and Director of Environment is locally determined. The effective date for the review of his salary is 1 April each year. This report makes proposals to the Employment Committee for the review of the salary of the Chief Executive and Director of Environment from April 2017.

2. Summary

- 2.1 The Council's scheme of delegation provides that the Employment Committee:
- Determines the pay award for the Chief Executive and Director of Environment.
- 2.2 This report sets out factors for the Employment Committee to consider in relation to the pay of the Chief Executive and Director of Environment from 1 April 2017.

3. Recommendation

- 3.1 That the Chief Executive and Director of Environment be awarded:
- (i) a consolidated cost of living increase of 1% to his salary if he achieves an overall rating of Fully Achieved or Exceed in his annual performance review, with effect from 1 April 2017;
- (ii) a non-consolidated performance related payment of £3,000 be paid if he achieves an Exceed rating in 2016 / 17.

4. Background

- 4.1 The recommendations in this report reflect the decisions made by Employment Committee on 3 March 2014 in respect of the management of annual senior manager pay reviews (including that of the Chief Executive and

Director of Environment). This was to annually pay a consolidated cost of living increase to those senior managers who receive an annual performance rating of 'Fully Achieved' or 'Exceed', based on an assessment of a number of factors (e.g. market / affordability). In addition, to award a non-consolidated lump sum payment for those Senior Managers who achieve a performance rating of 'Exceed'. The Employment Committee is, therefore, required to agree the value of a cost of living award and also the value of the Exceed payment annually.

5. Looking Back - 2016

5.1 In February 2016, Employment Committee agreed that the Chief Executive and Director of Environment be awarded: 1%:-

- a) An increase in salary to £185,000 to be applied from 1 April 2016, based on the assessment of the market summarised in the report
- b) a non – consolidated performance related payment of £3,000 if he achieved an Exceed rating in 2015/16

6. Looking Forward - National Economic Outlook & Inflation

6.1 The Consumer Prices Index (CPI) rose by 1.2% in the year to November 2016. The main upward contributors to change in the rate were rising prices for clothing, motor fuels, and prices for gas, which were unchanged, having fallen a year ago. These upward pressures were partially offset by a fall in air fares and food prices. Rates are expected to remain below the target rate of 2% over the next 3 years.

6.2 The Office for Budget Responsibilities (OBR) expects CPI inflation to be below target in 2016 through to 2017 and then stay at the target of 2% from 2018 to 2020.

7. Context for Public Sector Pay

7.1 The National Joint Council (NJC) for Local Government agreed a 2 year offer on the pay settlement for April 2016 and April 2017. For April 2016, a 1% consolidated increase was awarded for those on spinal column point 18 (£17,714) and above. Spinal column points below this received an increase of between 6.6% (£900 p.a.) and 1.01% (£175), to ensure the new National Living Wage rate of £7.20 applied. For April 2017, it is again 1% for those on or over SCP 18 and bottom loads the lower salaries to ensure we exceed the National Living Wage of £7.50 for April 2017.

7.2 The Council also has to continue to make significant financial savings over the next few years as set out in the reports to Cabinet on the IP.

8. Benchmarking

- 8.1 Benchmarking was conducted across Hertfordshire's 5 neighbouring councils (Bedfordshire, Buckinghamshire, Essex, Kent and Cambridge) from statements of accounts published in April 2015/16. This data showed that the grossed median annual basic pay for Chief Executive posts was £190,000.
- 8.2 This is comparable to our Chief Executive and Director of Environment's current salary of £185,000.

9. Options and Costs for Cost of Living & Exceed Payments

- 9.1 Tables 1 & 2 set out the options and associated estimated costs of a cost of living award and the value of the non-consolidated Exceed payment for the Chief Executive in April 2017

Note: The consolidated cost of living increase will only apply if he achieves an overall rating of Fully Achieved or Exceed as part of the performance management system. The non-consolidated payment will only be awarded if he achieves an overall Exceed rating.

Table 1 – Cost of Living Options

	Option 1	Option 2	Option 3
Cost of Living Award options	0%	1%	2%
Total Cost	£0	£1,850. (New salary £186,850)	£3,700 (New salary £188,700)
Total Cost including NI & Pension costs	£51,800 Total of £236,800	£52,318 Total of £239,168	£52,836 Total of £241,536

*Employer NI and pension costs are estimated at 28% of pay. Current employer contributions to the Local Government Pension Scheme (LGPS) are 20.6%

- 9.2 The options for exceed payments are, £2k, £3k or £4k.
- 9.3 The recommended option is a Cost of Living at 1% (Option 1) reflecting a similar settlement for Local Government Workers and the recommendation for all other Senior Managers and an Exceed payment of £3k.

10. Equality Implications

- 10.1 When considering proposals placed before Members it is important that they are fully aware of, and have themselves rigorously considered the Equality implications of the decision that they are making. Rigorous consideration will ensure proper appreciation of any potential impact of that decision on the County Council's statutory obligations under the Public Sector Equality Duty. As a minimum this requires decision makers to read and carefully consider the content of any Equalities Impact Assessment (EQiA) produced by officers.

- 10.2 The Equality Act 2010 requires the County Council when exercising its functions to have due regard to the need to (a) eliminate discrimination, harassment, victimisation and other conduct prohibited under the Act; (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it and (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it. The protected characteristics under the Equality Act 2010 are age; disability; gender reassignment; marriage and civil partnership; pregnancy and maternity; race; religion and belief, sex and sexual orientation.
- 10.3 There are no equalities implications in relation to the decision recommended in this report.

11. Financial Implications

- 11.1 The options covered in the report are able to be met within existing budgets.