

Agenda



**AGENDA for a meeting of the EMPLOYMENT COMMITTEE on
MONDAY, 6 FEBRUARY 2017 in COMMITTEE ROOM A, COUNTY HALL,
HERTFORD at 2.00PM**

MEMBERS OF THE COMMITTEE - 5 (Quorum 3)

M Cowan, R I N Gordon (Chairman), L F Reeve, R A C Thake (*substitution for A Stevenson*), J D Williams (*substitution for C M Hayward*)

AGENDA

PART I AGENDA

MINUTES

To confirm the Minutes of the meeting of the Committee held on 12 December 2016 (attached).

1. SALARY REVIEW APRIL 2017 - CHIEF OFFICERS, DEPUTY AND ASSISTANT DIRECTORS AND HEADS OF SERVICE

Report of the Chief Executive and Director of Environment

2. PAY POLICY 2017/18

Report of the Assistant Director, Human Resources

3. SALARY REVIEW APRIL 2017: CHIEF EXECUTIVE AND DIRECTOR OF ENVIRONMENT

Report of the Assistant Director, Human Resources

EXCLUSION OF PRESS AND PUBLIC

There is no Part II Business on this agenda. If Part II Business is notified, the Chairman will move:-

“That under Section 100(A)(4) of the Local Government Act 1972, the press and public be excluded from the meeting for the following item/s of-business on the grounds that it/they involve/s the likely disclosure of exempt information as defined in paragraphs of Part 1 of Schedule 12A to the said Act and the public interest in maintaining the exemption outweighs the public interest in disclosing the information.”

If you require further information about this agenda please contact Deborah Jeffery, Assistant Democratic Services Manager on telephone no. (01992) 555563 or email deborah.jeffery@hertfordshire.gov.uk

Agenda documents are also available on the internet at <https://cmis.hertfordshire.gov.uk/hertfordshire/Calendarofcouncilmeetings.aspx>.

Minutes



To: All Members of the
Employment Committee, Chief
Executive, Chief Officers

From: Democratic & Statutory Services
Ask for: Deborah Jeffery
Ext: 25563

EMPLOYMENT COMMITTEE 12 DECEMBER 2016

ATTENDANCE

MEMBERS OF THE COMMITTEE

R I N Gordon (Chairman), L F Reeve, A Stevenson

Upon consideration of the agenda for the Employment Committee meeting on 12 December 2016 as circulated, copy annexed, decisions were reached and are recorded below:

Note: No conflicts of interest were declared by any member of the Committee in relation to the matters on which decisions were reached at this meeting.

PART I ('OPEN') BUSINESS

MINUTES

The Minutes of the meeting of the Committee held on 20 June 2016 were confirmed as a correct record and signed by the Chairman.

1. CHIEF OFFICER SECONDMENT

[Officer Contact: Emily Austin, HR Manager, Strategy, Policy & Reward
(Tel: 01992 556653)]

- 1.1 The Committee considered the proposed secondment of the Director of Community Protection from 1 April 2017 to 31 March 2018 (with the possibility of extension for a further one year period) to the Chief Fire Officers' Association (CFOA). The Committee also considered the proposal to backfill the role of Director of Community Protection on a one year fixed term contract basis from 1 April 2017 to 31 March 2018 (with the possibility of extension should the substantive post holder's secondment to the CFOA be extended).

Decision

1.2 The Employment Committee agreed:

- (a) the proposed secondment of the Director of Community Protection on a full time basis for the period 1 April 2017 – 31 March 2018 (with the possibility of extension for a further year) to the Chief Fire Officers Association;
- (b) that the terms of the secondment agreement with the Chief Fire Officers Association be settled by the Chief Executive and Director of Environment, in consultation with the Assistant Director, Human Resources;
- (c) that decisions on any proposed extension to the secondment are delegated to the Chief Executive and Director of Environment with the Chief Fire Officers Association, rather than being referred back to the Committee;
- (d) to the proposal to advertise internally for the post of Acting Director Community Protection as a one year fixed term contract (with the possibility of extension), in order to provide business continuity during the substantive post holder's secondment.

**KATHRYN PETTITT
CHIEF LEGAL OFFICER**

CHAIRMAN_____

**CHAIRMAN'S
INITIALS**

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SALARY REVIEW APRIL 2017: CHIEF OFFICERS, DEPUTY AND ASSISTANT DIRECTORS AND HEADS OF SERVICE

Report of the Chief Executive and Director of Environment

Author: John Wood, Chief Executive and Director of Environment
(Tel: 01992 555200)

1. Purpose of report

- 1.1 The salaries of the Chief Officers, Deputy and Assistant Directors and Heads of Service are locally determined. The effective date for the review of these salaries is 1 April each year. This report makes proposals to the Employment Committee for the review for April 2017.

2. Summary

- 2.1 The Council's scheme of delegation provides that the Employment Committee:
- Determines the pay awards for the Chief Executive and Director of Environment and Chief Officers.
 - Recommends to the Chief Executive and Director of Environment the level of pay award for Deputy and Assistant Directors (grade PMA/B) and Heads of Service (grade PMC – zones 1 - 3).
- 2.2 This report sets out factors for the Employment Committee to consider in relation to the pay of Chief Officers, Deputy and Assistant Directors and Heads of Service from 1 April 2017. There is a separate report on the Agenda in relation to the pay for the Chief Executive and Director of Environment.

3. Recommendations

- 3.1 That the Committee agrees that:-
- (a) Chief Officers who achieve an overall rating of Fully Achieved or Exceed in their annual performance review be awarded a consolidated cost of living increase of 1% to their salary with effect from 1 April 2017; and
 - (b) a non-consolidated payment of £3,000 be awarded to those Chief Officers who achieve an 'Exceed' rating in their 2016 /17 performance review; to be paid on 1 April 2017.

- (c) The minimum and maximum of the Chief Officer salary range be uplifted by 1% with effect from 1 April 2017.
2. That the Committee recommends to the Chief Executive and Director of Environment that:-
- (a) Deputies and Assistant Directors (PMA/B) and Heads of Service (PMC) who achieve an overall rating of Fully Achieved or Exceed in their annual performance review be awarded a consolidated cost of living increase of 1% to their salary with effect from 1 April 2017;
- (b) a non-consolidated payment of £3,000 be awarded to those Deputy and Assistant Directors and Heads of Service who achieve an 'Exceed' rating in their 2016 /17 performance review; to be paid on 1 April 2017; and
- (c) The minimum and maximum of the PMA, PMB and PMC salary ranges (including PMC zones) be uplifted by 1% with effect from 1 April 2017.

4. Background

- 4.1 The recommendations in this report reflect the decisions made by Employment Committee on 3 March 2014 in regard to the management of annual senior manager pay reviews. 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'.
- 4.2 Note: There are other senior managers employed by the County Council who are paid at similar rates (i.e. over £50,000) who are employed under different terms and conditions and therefore are not covered within this report. They are, however, included in the Council's annual release of data on the public Hertfordshire.gov.uk website.
- 4.3 In making the recommendation set out in 2 (a) other options were considered including 1.5% and no increase. The option of 1.5% was dismissed as it does not align with the NJC pay award of 1% for the wider workforce and the public sector median pay increases and 0% was dismissed based on the Market Data, as set out in paragraph 8 of this report.

5. Looking Back - Senior Managers Pay - 2016

5.1 A pay award was applied in April 2016 of 1%:-

- as a 'cost of living increase' (consolidated into pay) for all Chief Officers and Senior Managers on PMA, PMB and PMC grades who achieved an overall outcome of Fully Achieved or Exceed in their 2015/16 performance review; and
- as a 'cost of living' increase applied to the minimum and maximum points of the PMA, PMB and PMC salary range.

5.2 A performance related payment of £3,000 (non-consolidated) was awarded to Chief Officers and those on PMA, PMB and PMC grades who achieved an Exceed rating in their 2015/16 performance review. There were 10 Senior Managers (out of 117 in post at the end of the performance year) who achieved an Exceed rating in 2016.

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 Local Government 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 from 1st 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. Market Data – Local Authority Pay Comparisons

8.1 Benchmarking conducted across Hertfordshire's 5 neighbouring councils (Bedfordshire, Buckinghamshire, Essex, Kent and Cambridge) from

statements of accounts published in April 2015/16 shows that the **grossed median annual basic pay for Chief Executive** posts was **£190,000**. This is comparable to our Chief Executives salary of **£185,000** (from April 2016).

- 8.2 This benchmarking data also shows the median salary for tier 2 posts in 2015/16 was £122,499. This compares to a median salary of £138,550 for tier 2 employees at HCC (Chief Officers).
- 8.3 The median pay for tier 3 posts in Hertfordshire's neighbouring counties was £89,000. This tier is not wholly comparable to HCC grades as tier 3 would apply to PMA roles whose median salary is £107,883.
- 8.4 Tier 4 is still comparable to PMB roles at HCC with the median salary of Hertfordshire's neighbouring counties being £85,506. The median salary of those in PMB posts at HCC is £87,108.
- 8.5 These median salary comparisons should also be considered in the context as set out in 9.1.1 taking into account the total pay bill and number of roles at Hertfordshire compared to other Councils in the eastern region.

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

9.1 Senior Manager Pay Bill

- 9.1.1 The senior manager pay bill as at December 2016 is £8.8m (excluding on costs – i.e. pension and employer National Insurance (NI) contributions). There are currently 123 senior managers (in grades Chief Executive, Chief Officer, PMA, PMB & PMC). In comparison to other County Councils of a similar size in the eastern region, we have the lowest total pay bill for the Chief Executive and their direct reports¹ compared to Kent, Essex, Hampshire and Norfolk. Furthermore, when reviewing the number of roles as referenced in the 2015 Taxpayers Alliance, Town Hall Rich List, Hertfordshire has significantly less roles paid greater than or equal to £100k (24) than for example Essex with 61 and Kent with 41².
- 9.1.2 The total Senior Manager population and pay bill has slightly increased overall by 4 - over the last 12 months – there were 119 managers in January 2016.
- 9.1.3 There have also been approximately 42 changes to senior managers pay over the last 12 months, this includes starters / leavers / movement in salary due to additional responsibilities or acting up and re-evaluations. These changes are all approved / managed by the Assistant Director HR and any changes are then validated by the Strategic Management Board (SMB) via a 6 monthly report. It is these changes that are reflected in the overall changes to headcount and the total pay bill.

¹ Based on a review of data from Council websites in December 2016

² Note: according to our data in this report we only have 11 employees paid over or equal to £100k.

9.2 Cost of Living and Exceed Payment Options for 2016

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

Note: The consolidated cost of living increase will only apply to those who achieve an overall rating of Fully Achieved or Exceed as part of the performance management system. Based on the performance ratings for 2015/16 this was 98% of the senior manager population. The non-consolidated payment will only be awarded to those who achieve an overall Exceed rating.

Table 1 – Cost of Living Options

	Option 1	Option 2	Option 3
Cost of Living Award Option	0%	1%	2%
Total Estimated Cost*	£0	£88,260	£176,521
Total costs including NI and pension costs**	£0	£112,973	£225,947

* Based on staff numbers and pay bill as at December 2016

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

Table 2 – Exceed Payment Options

Value of Exceed payment Options	£2k	£3k	£4k
Cost of Exceeds based on a 10% distribution*	£25k	£37k	£49k
Total costs including NI and pension costs**	£31k	£47k	£63k

* Based on staff numbers and pay bill as at December 2016

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

9.2.2 The recommended option is a Cost of Living award of 1% (Option 1) reflecting a similar settlement for Local Government Workers and an Exceed payment of £3,000. This would increase the total pay bill for senior managers by approximately 1.5%.

10. Salary ranges

- 10.1 Table 3 below sets out the impact on the salary ranges if a 1% increase is applied to the top and bottom of each salary band.

Table 3: Impact of 1% uplift on Senior Manager salary ranges

Role	Salary Range April 2016	Salary Range with 1% uplift from 1 April 2017
Chief Officers	£119,907 - £161,915	£121,106 - £163,534
PMA	£105,611 - £119,442	£106,667 - £120,637
PMB	£77,438 - £106,514	£78,213 - £107,579
PMC Zone 1	£69,505 - £76,659	£69,189 - £77,425
PMC Zone 2	£61,327 - £69,504	£61,940 - £70,199
PMC Zone 3	£51,809 - £61,327	£52,328 - £61,940

- 10.2 Individual salaries within this range will be managed as set out in the Reward Policy toolkit – the Senior Manager Pay Practice Guide.

11. Equality Implications

- 11.1 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.
- 11.2 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.
- 11.3 There are no equalities implications in relation to the decisions recommended in this report. Any equalities implications relating to the implementation of the decisions will be taken into account as part of the moderation process of senior manager performance ratings.

12. Financial Implications

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

PAY POLICY 2017/18

Report of the Assistant Director, Human Resources

Author: Emily Austin, HR Manager, Strategy, Policy & Reward (Tel: 01707 292751)

Executive Member: - Chris Hayward, Resources and Transformation

1. Purpose of report

- 1.1 To present to Employment Committee the Pay Policy for 2017/18 as per the requirements set out in the Localism Act 2011 and to invite the Committee to recommend to County Council that Council adopts the Pay Policy for 2017/18.

2. Summary

- 2.1 The Localism Act 2011 (the '2011 Act') requires local authorities to publish a pay policy annually. The purpose of a pay policy is to assist with the drive for greater transparency and accountability in relation to pay. The policy must at a minimum cover the level and elements of remuneration of Chief Officers (as defined by the 2011 Act), but local authorities have the discretion to broaden the policy to cover other terms and conditions and employee groups.
- 2.2 This report sets out the proposed pay policy for the Council for 2017/18 and the pay ratio to be published; it also references the data to be released in April 2017 as part of the Council's annual publication of senior manager data, signposted from the Pay Policy.

3. Recommendations

- 3.1 1. That the Employment Committee recommends to County Council:-

"That County Council adopts the Pay Policy for 2017/18 as set out in Appendix 1 to the report."
2. That the Employment Committee notes the data release for April 2017 as set out in the report.

4. Background

- 4.1 The Localism Act 2011 requires all local authorities to prepare and publish an annual pay policy statement to articulate the Council's policies on the remuneration of both its highest and lowest paid employees for the following financial year.

4.2 Publication of the pay policy is to assist with the drive for greater transparency and accountability of senior managers' pay, providing information to the public about how the Council sets and manages pay for senior managers and also for its lowest paid employees. This is also in line with the Department for Communities and Local Government (DCLG's) 'Local Government Transparency Code 2015'.

5. Scope of the Pay Policy

5.1 The Localism Act 2011 requires the pay policy to include information relating to the Head of Paid Service, the Monitoring Officer, Chief Officers (statutory and non-statutory) and Deputy Chief Officers, as defined in the Local Government and Housing Act 1989 and including Public Health. Schools employees are excluded from the scope of the pay policy as each school is already required to publish its own pay policy.

6. Recommendations for content of the Pay Policy for 2017/18

6.1 Employment Committee is asked to review the content of the pay policy and is invited to recommend to County Council that the pay policy, set out in Appendix 1 to the report, be adopted. The pay policy for 2017/18 remains the same in format as the previous 4 policies. The content is also as per the 2015/16 & 16/17 policies save for the updates in dates and salaries.

6.2 Within the parameters of the guidance around the Act the following definitions will be used within the Council's pay policy for 2017/18;

- The definition of the Council's lowest paid worker is the lowest national spinal column point (SCP) 6. This is the lowest pay point the Council can appoint to and, therefore, is the Council's lowest pay point. As at April 2017, this is a full time value of £14,659. [Note: This is with the exception of Health and Social care Trainees (previously known as 'Care Cadets') who are paid £110 per week (this is above the National Minimum wage for Apprenticeships)].

6.3 The definition of the ratio from 1 April 2017 is in line with the DCLG's Local Government Transparency Code 2015 as follows:-

- The ratio between the total remuneration of the Council's highest paid employee (Chief Executive and Director of Environment) on 1 April 2017 and the median earnings figure for the whole of the Council's workforce (exc. schools). The earnings are calculated on remuneration, including additional payments such as bonuses. This ratio will be calculated based on data in April 2017 and the final figure published thereafter.
- The current published ratio (from April 2016) between the 2015/2016 total remuneration of the Council's highest paid employee (Chief Executive) and the median earnings figure for the whole of the Council's workforce (exc. schools) was **1:6:8**. It is anticipated this will not vary significantly in April 2017.

7. Open Data Release for 2017/18

7.1 The following information will also be published on the Council's website in compliance with The Accounts and Audit Regulations 2015 and The Local Government Transparency Code 2015:

- The number of employees whose remuneration is at least £50,000 in brackets of £5,000 (as set out in the Statement of Accounts).
- Details of the remuneration and job titles of certain senior employees whose salary is £50,000 or more; employees whose salaries are £150,000 or more are also identified by name (as set out in the Statement of Accounts).
- A list of responsibilities and bonus payments of certain senior employees whose salary is £50,000 or more, identifying by name the Chief Executive and Director of Environment, his direct reports, Chief Officers (Directors), Deputy Chief Officers (Deputy / Assistant Directors) and the Monitoring Officer (as set out in the Statement of Accounts).
- Organisation charts; These charts include all staff (irrespective of employment terms) whose annual salary is £50,000 or more and include information on;
 - Grade, job title and local authority department
 - Whether permanent or temporary
 - Contact details (a generic email address)
 - Salary in £5,000 brackets,
 - Salary ceiling (the maximum salary for the grade).

These also identify by name the Chief Executive, his direct reports, Chief Officers (Directors), Deputy Chief Officers (Deputy / Assistant Directors) and the Monitoring Officer (as set out in the Statement of Accounts).

8. Approval of the Pay Policy

8.1 The pay policy must be approved by Full Council by 31 March each year. After approval or revision the Pay Policy must be published on Hertfordshire.gov.uk in an easily accessible manner and linked to the Open Data release.

8.2 Once published the Council must comply with the Pay Policy for the relevant financial year, and will be constrained by it when making any decisions relating to roles within scope of the policy.

8.3 Timetable for approval is as follows;

Action / Approval	Date
Employment Committee	6 February 2017
Full Council	21 March 2017
Publication of Pay Policy & Open Data	April 2017

9. Financial Implications

9.1 There are no financial implications of the publication of Pay Policy or the data release.

10. Equalities Implications

10.1 There are no equality implications of the publication of Pay Policy or the data release

Hertfordshire County Council Pay Policy 2017/18

1. Introduction

- 1.1 This Pay Policy 2017/18 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 is 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 - *to be confirmed for 1 April 2017.*)
- 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, Hertfordshire.gov.uk.

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, 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 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, 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 also offers 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, 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 2017)	Employer Contributions* (1 April 2017)
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 salary	14.3%
2015		

*Note these may vary based on re-evaluations in 2017 – yet to be confirmed.

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 Hertfordshire.gov.uk. 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 2017 this equates to £14,659 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 2017 in line with the DCLG Local Government Transparency Code 2015. This ratio is published on the Council's website, Hertfordshire.gov.uk.

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, Hertfordshire.gov.uk 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](#).

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

Author: Emily Austin, HR Manager, Human Resources

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.