

# Agenda



**AGENDA for a meeting of the EMPLOYMENT COMMITTEE on  
MONDAY, 5 FEBRUARY 2018 in COMMITTEE ROOM A, COUNTY HALL,  
HERTFORD at 2.30PM**

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## **MEMBERS OF THE COMMITTEE - 5 (Quorum 3)**

J Billing, S B A F H Giles-Medhurst, T C Heritage, R M Roberts, J D Williams  
(Chairman)

## **AGENDA**

### **PART I AGENDA**

#### **MINUTES**

To confirm the Minutes of the meeting of the Committee held on 10 July 2017.

**1. SALARY REVIEW APRIL 2018:  
CHIEF OFFICERS, DEPUTY AND ASSISTANT DIRECTORS AND HEADS OF  
SERVICE**

Report of the Chief Executive and Director of Environment

**2. SALARY REVIEW APRIL 2018: CHIEF EXECUTIVE AND DIRECTOR,  
ENVIRONMENT**

Report of the Assistant Director, Human Resources

**3. PAY POLICY 2018/19**

Report of the Assistant Director, Human Resources

**4. CHIEF OFFICER SECONDMENT – UPDATE AND REQUEST TO EXTEND  
BACKFILL ARRANGEMENT**

Report of the Chief Executive and Director of Environment

**5. CREATION OF DIRECTOR OF ENVIRONMENT AND INFRASTRUCTURE  
POST**

Report of the Assistant Director of Human Resources having consulted the  
Leader of the Council

## **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](mailto: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

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## **EMPLOYMENT COMMITTEE 10 JULY 2017**

### **ATTENDANCE**

### **MEMBERS OF THE COMMITTEE**

J Billing, M Bright (*substituting for J D Williams*), S B A F H Giles-Medhurst,  
R I N Gordon (Chairman), R M Roberts

Upon consideration of the agenda for the Employment Committee meeting on 10 July 2017 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**

- (i) The Minutes of the meeting of the Committee held at 2.00pm on 6 February 2017 were confirmed as a correct record and signed by the Chairman.
- (ii) The Minutes (Part I and Part II) of the meeting of the Committee held at 2.15pm on 6 February 2017 were confirmed as a correct record and signed by the Chairman.

#### **ACTION**

#### **1. PENSION SCHEMES – ANNUAL UPDATE REPORT ON LOCAL GOVERNMENT PENSION SCHEME AND FIREFIGHTER PENSION SCHEMES EMPLOYER DISCRETIONS USAGE**

- 1.1 The Committee was provided with an annual report on the use of the Local Government Pension Scheme (LGPS) employer discretions policy and the Firefighters Pension Scheme (FPS) employer discretions policies for the period 1 April 2016 to 31 March 2017.

Members were advised as follows:-

**LGPS Discretions**

Flexible Retirement Requests

There were 4 flexible retirement requests during the year; of these, three were accepted and one rejected. The rejected request had not met the criteria of the role being in a shortage skill set area.

Waiving of Actuarial Reduction to Pensions

There was one request for the waiving of a reduction that would otherwise be made on the early payment of a pension to a former employee from age 55; the request was rejected as it had not met the criteria of exceptional hardship or compassionate grounds.

Inward transfer of Pension Rights

Twenty four requests for the late transfer in of pension benefits (ie over 12 months after the start of employment with the County Council) were received in the period; of these, 20 were rejected and 4 were agreed. In the 4 cases which were accepted, the employees had completed their requests as part of the starter process but these had not been actioned as a result of an administrative error. The Committee requested that officers review the process to ensure that paperwork to transfer pension benefits into the LGPS was clear and easy for new employees to follow and also that a system was put in place so that reminders were sent to new employees prior to the 12 month cut off period being reached.

Owen  
Mapley/  
Sally Hopper/  
Emily Austin

**FPS Discretions**

Election to purchase increased benefits

There were two requests to purchase increased benefits in 2016/17; both requests were agreed.

Decision

The Committee noted the content of the report.

**KATHRYN PETTITT  
CHIEF LEGAL OFFICER**

**CHAIRMAN** \_\_\_\_\_

**CHAIRMAN'S  
INITIALS**

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**HERTFORDSHIRE COUNTY COUNCIL**  
**EMPLOYMENT COMMITTEE**  
**MONDAY 5 FEBRUARY 2018 AT 2.30PM**

<u>Agenda item</u> <u>No.</u> <b>1</b>
----------------------------------------------

**SALARY REVIEW APRIL 2018:**  
**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 2018.

**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 2018. 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 2%** to their salary with effect from 1 April 2018 with potential for a further review being undertaken once the NJC for Local Government Workers cost of living award is agreed; and

- (b) **a non-consolidated payment of £2,000** be awarded to those Chief Officers who achieve an 'Exceed' rating in their 2017/18 performance review; to be paid on 1 April 2018.
  - (c) The minimum and maximum of the Chief Officer salary range be uplifted by 2% with effect from 1 April 2018, with a further review being undertaken once the NJC for Local Government Workers cost of living award is agreed is agreed.
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 2%** to their salary with effect from 1 April 2018 with potential for a further review being undertaken once the NJC for Local Government Workers cost of living award is agreed is agreed;
  - (b) **a non-consolidated payment of £2,000 be awarded to those Deputy and Assistant Directors (PMA/B) and a non-consolidated payment of £3,000 be awarded to those Heads of Service (PMC)** who achieve an 'Exceed' rating in their 2017/18 performance review; to be paid on 1 April 2018; and
  - (c) The minimum and maximum of the PMA, PMB and PMC salary ranges (including PMC zones) be uplifted by 2% with effect from 1 April 2018, with potential for a further review being undertaken once the NJC for Local Government Workers cost of living award is agreed is agreed.

#### 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 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 3.1 other options were considered including a 0%, a 1% increase and a 2% increase with no further review subject to the NJC for Local Government Workers cost of living award. The option of 2% with potential for a review is recommended as the NJC for Local Government Workers pay award has not yet been agreed and although the pay review for senior managers is not dependant on this, a review would be fair and equitable to ensure reasonable parity dependant on the outcome of the NJC pay award for April 2018.

## **5. Looking Back - Senior Managers Pay - 2017**

- 5.1 A pay award was applied in April 2017 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 2016/17 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 2016/17 performance review. There were 7 Senior Managers (out of 116 in post who were eligible for a performance rating) who achieved an Exceed rating in 2017.

## **6. Looking Forward - National Economic Outlook & Inflation**

- 6.1 The Consumer Prices Index (CPI) has risen sharply in the last year reflecting the exchange rate depreciation. However, it has remained flat in October 2017 compared to September 2017 and is expected to fall slightly over the coming year. The rising price of food and recreational activities were the main factors keeping inflation high but these were offset by a drop in transport and furniture prices compared to the months before.
- 6.2 In their last forecast in March 2017, the Office for Budget Responsibilities (OBR) expected CPI inflation to stand at 2.4% in 2017, fall to 2.3% in 2018 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 Workers agreed a 2 year offer on the pay settlement for April 2016 and April 2017. For 2017, an increase of 1.0% was applied on SCP18 and above (Grade H4 – M5). Employees on SCP 6 to SCP 17 (Grade HB – H3) saw an increase of between 3.4% and 1.01% to ensure Hertfordshire County Council exceeded the National Living Wage of £7.50 applied in April 2017. The National Living Wage is set to increase to £7.83 from April 2018.

- 7.2 For April 2018 the unions submitted a 5% claim maintaining the National Living Wage. In December 2017, the National Employers for Local Government Services submitted a 2 year pay offer to the unions of 2% for April 2018 and 2% April 2019 (with bottom loading of lower grades in both years to maintain a salary above the National Living Wage). The proposal also includes a redesign of the lower salary scales in 2019. At the writing of this report it is not yet confirmed if this offer will be accepted, but it is very unlikely that the NJC pay award for 2018 will now be any lower than 2%.
- 7.3 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 Integrated Plan.

## **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 2016/17 shows that the **grossed median annual basic pay for Chief Executive** posts was **£188,514**. This is comparable to our Chief Executives salary of **£186,113** (from April 2017).
- 8.2 This benchmarking data also shows the **median salary range for tier 2 posts** in 2016/17 was **£117,492 - £161,516**. This compares to a median salary range of £121,106 - £163,534 for tier 2 employees at Hertfordshire County Council (Chief Officers).
- 8.3 The **median pay for tier 3 posts** in Hertfordshire's neighbouring counties was **£95,098 - £114,122**. This tier is not wholly comparable to Hertfordshire County Council grades as tier 3 would apply to PMA roles whose median salary is £106,667 - £120,636.
- 8.4 Tier 4 would reflect PMB roles at Hertfordshire County Council with the median salary of Hertfordshire's neighbouring counties being £69,272 - £90,421. This is not wholly comparable to PMB posts at Hertfordshire County Council where the median is £78,212 - £107,579.
- 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 October 2017 is £8.7m (excluding on costs – i.e. pension and employer National Insurance (NI) contributions). There are currently 119 senior managers (in grades, Chief Officer, PMA, PMB & PMC). When reviewing the number of roles as referenced in



the 2016 Taxpayers Alliance, Town Hall Rich List, Hertfordshire has significantly less roles paid greater than or equal to £100k than for example Essex with 36 and Kent with 26. The number of roles for Hertfordshire as referenced in the Taxpayer Alliance for 2015/2016 totalled 10. The total current number is 13.

9.1.2 The total Senior Manager population has decreased overall by 5 during the last 10 months – from 124 managers in December 2016 to 119 in October 2017. This has seen a reduction in the total paybill from £8,902,573 in December 2016 to £8,690,135 in October 2017, a total reduction of **£212,438** (excluding on costs).

9.1.3 There have also been approximately 20 changes to senior managers since April 2017, 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.

## 9.2 Cost of Living and Exceed Payment Options

9.2.1 Tables 1 & 2 set out options and associated estimated costs for a cost of living award and the value of the non-consolidated Exceed payment for Senior Managers in April 2018.

**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 2016/17 this was 100% of the senior manager population.

The non-consolidated payment will only be awarded to those who achieve an overall Exceed rating. This is usually around 10% of the senior manager population.

Table 1 – Cost of Living Options

	Option 1	Option 2	Option 3
<b>Cost of Living Award Option</b>	<b>0%</b>	<b>1%</b>	<b>2%</b>
<b>Total Estimated Salary Cost*</b>	<b>£0</b>	<b>£86,901</b>	<b>£173,803</b>
<b>Total costs including NI and pension costs**</b>	<b>£0</b>	<b>£111,233</b>	<b>£222,467</b>

\* Based on staff numbers and pay bill as at October 2017

\*\*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 for all senior manager grades	£3k for all senior manager grades	Split between £2k (CO, PMA & PMB) & 3K (PMC)
Cost of Exceeds based on a 10% distribution*	£24k	£36k	£32k
Total costs including NI and pension costs**	£30.7k	£46k	£33k

\* Based on staff numbers and pay bill as at October 2017

\*\*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 2% (Option 3) with a review to take place once agreement on the NJC settlement is made, and an Exceed payment of £2,000 for CO, PMA and PMB grades, and an Exceed payment of £3,000 for grade PMC. This would increase the total pay bill for senior managers by approximately 2.02% and bring the total paybill to **£8,863,938** (exclusive of the non-consolidated Exceed payments). This remains £38,635 under the total paybill as at December 2016, allowing for just under 0.5% for consideration dependant on the NJC final outcome without exceeding the pay envelope (following the IP forecast being updated to 2%) between December 2016 and April 2018.

9.2.3 The above however, does not take into account any pay changes that will take place by 1 April 2018.

## 10. Salary ranges

10.1 Table 3 below sets out the impact on the salary ranges if a 2% 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 2017	Salary Range with 2% uplift from 1 April 2018
Chief Officers	£121,106 - £163,534	£123,528 - £166,805
PMA	£106,667 - £120,636	£108,800 - £123,049
PMB	£78,212 - £107,579	£79,776 - £109,731
PMC Zone 1	£70,200 - £77,425	£71,604 - £78,974
PMC Zone 2	£61,941 - £70,199	£63,180 - £71,603
PMC Zone 3	£52,327 - £61,940	£53,374 - £63,179

- 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 recommendations covered in the report are able to be met within existing budgets. The Integrated Plan will account for 2% pay award for Senior Managers.

**HERTFORDSHIRE COUNTY COUNCIL**  
**EMPLOYMENT COMMITTEE**  
**MONDAY, 5 FEBRUARY 2018 AT 2.30PM**

<u>Agenda item</u> <u>No.</u> <b>2</b>
----------------------------------------------

**SALARY REVIEW APRIL 2018: CHIEF EXECUTIVE AND DIRECTOR OF ENVIRONMENT**

Report of the Assistant Director, Human Resources

Author: Emily Austin, Senior HR Manager, Human Resources  
(Tel: 01707 292751)

**1. Purpose of report**

- 1.1 The salary of the Chief Executive 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 for April 2018.

**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 2018.

**3. Recommendation**

- 3.1 That, subject to the Committee agreeing the recommendations in paragraph 3.1 of the report to this meeting of Employment Committee entitled 'Salary Review April 2018: Chief Officers, Deputy and Assistant Directors and Heads of Service', the Chief Executive and Director of Environment be awarded:
- (i) a consolidated cost of living increase of 2% to his salary if he achieves an overall rating of Fully Achieved or Exceed in his annual performance review, with effect from 1 April 2018, this to be reviewed further following agreement of the National Joint Council for Local Government Workers cost of living award;
- 3.2 (ii) a non-consolidated performance related payment of £2,000 be paid if he achieves an Exceed rating in 2017/18.

#### **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 – 2017**

- 5.1 A pay award was applied in April 2017 of 1% as a 'cost of living increase' (consolidated into pay) for the Chief Executive and Director of Environment where he achieved an overall outcome of Fully Achieved in his 2016/17 performance review.

#### **6. Looking Forward - National Economic Outlook & Inflation**

- 6.1 The Consumer Prices Index (CPI) has risen sharply in the last year reflecting the exchange rate depreciation. However it has remained flat in October 2017 compared to September 2017 and is expected to fall slightly over the coming year. The rising price of food and recreational activities were the main factors keeping inflation high but these were offset by a drop in transport and furniture prices compared to the months before.
- 6.2 In their last forecast in March 2017 The Office for Budget Responsibilities (OBR) expected CPI inflation to stand at 2.4% in 2017, fall to 2.3% in 2018 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 Workers agreed a 2 year offer on the pay settlement for April 2016 and April 2017. For 2017, an increase of 1.0% was applied on SCP18 and above (Grade H4-M5). Employees on SCP 6 to SCP 17 (Grade HB – H3) saw an increase of between 3.4% and 1.01% to ensure HCC exceeded the National Living Wage of £7.50 applied in April 2017. The National Living Wage is set to increase to £7.83 from April 2018.
- 7.2 For April 2018, the unions submitted a 5% claim maintaining the National Living Wage. In December 2017, the National Employers for Local Government Services submitted a 2 year pay offer of 2% for April 2018 and 2% for April 2019 (with bottom loading of lower grades on both years to maintain a salary above the National Living Wage). The proposal also

includes a redesign of the lower salary scales in 2019. At the writing of this report it is not yet confirmed if this offer will be accepted, but it is very unlikely that the NJC award for 2018 will now be any lower than 2%.

- 7.3 The Council has to continue to make significant financial savings over the next few years as set out in the reports to Cabinet on the Integrated Plan.

## 8. Benchmarking

- 8.1 Benchmarking conducted across Hertfordshire's five neighbouring councils (Bedfordshire, Buckinghamshire, Essex, Kent and Cambridge) from statements of accounts published in April 2016/17 showed that the gross median annual basic pay for the five, for the Chief Executive post was £188,514.

- 8.2 This is comparable to our Chief Executive and Director of Environment's current salary of £186,113.

## 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 2018.

**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
<b>Cost of Living Award options</b>	0%	1%	2%
<b>Cost of salary increase</b>	£0	£1,861 (new salary £187,974)	£3,722 (new salary £189,835)
<b>Total on-cost including NI &amp; Pension costs</b>	£0	£52,633	£53,154
<b>Total Cost</b>	£0	£240,607	£242,989

\*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 or £3k. The recommendation for an Exceed payment is £2k reflecting the recommendation for all other senior managers of a non-consolidated payment of £2k for grades CO, PMA and PMB and £3k for grades PMC.

- 9.3 The recommended option is a cost of living award at 2% (Option 3) with a review once the NJC cost of living award is agreed. This would reflect a similar settlement to Local Government Workers and the recommendation for all other Senior Managers.

## **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 recommendation covered in the report is able to be met within existing budgets. The Integrated Plan will account for 2% pay award for all Senior Managers.

**PAY POLICY 2018/19**

Report of the Assistant Director, Human Resources

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

Executive Member: - David Williams, Leader of the Council (as responsible for Resources, Property & the Economy)

**1. Purpose of report**

1.1 To present to Employment Committee the Pay Policy for 2018/19 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 2018/19.

**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 2018/19 and the pay ratio to be published; it also references the data to be released in April 2018 as part of the Council's annual publication of senior manager data, signposted from the Pay Policy.

**3. Recommendations**

3.1 That the Employment Committee recommends to County Council:-

*that County Council adopts the Pay Policy for 2018/19 as set out in Appendix 1 to the report, amended as necessary to incorporate the County Council's decisions regarding the proposed separation of the roles of Chief Executive and Director of Environment and the new post of Director of Environment and Infrastructure.*

3.2 That the Employment Committee notes the data release for April 2018 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 2018/19**

- 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 2018/19 remains largely the same in format as previous policies. The two areas that have been changed for 2018 are the removal of the paragraph regarding the Extended Lease Car scheme which has ended (was section 7.2.3) and the addition of clarification on the election fees and the Returning Officer in section 7.8. All relevant figures and dates have been updated where possible – or will be once new data is known.
- 6.2 Within the parameters of the guidance around the Act the following definitions will be used within the Council's pay policy for 2018/19;
- 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 1: The NJC pay settlement for Local Government Workers at the time of writing this report has not been agreed for 1 April 2018. When this is agreed this figure will be updated. Note 2: 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 2018 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 2018 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 2018 and the final figure published thereafter.
- The current published ratio (from April 2017) between the 2016/2017 total remuneration of the Council's highest paid employee (Chief Executive and Director of Environment) 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 2018.

## **7. Open Data Release for 2018/19**

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;

<b>Action / Approval</b>	<b>Date</b>
Employment Committee	5 February 2018
Full Council	27 March 2018
Publication of Pay Policy & Open Data	April 2018

## **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 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 equality implications of the publication of Pay Policy or the data release.

## **Hertfordshire County Council Pay Policy 2018/19**

### **1. Introduction**

- 1.1 This Pay Policy 2018/19 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 Adult Care 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 £TBC (1 April 2018 - *to be confirmed for 1 April 2018.*)
- 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](http://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 CO<sub>2</sub>.

7.2.2 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:

<b>First 2 days absence in each period of absence</b>	No pay
<b>During the first 6 months of service</b>	Statutory Sick Pay Only
<b>During the second 6 months service (month 7 – 12)</b>	1 months full pay and 1 months half pay
<b>During the second year of service</b>	2 months full pay and 2 months half pay
<b>During the third year of service onwards</b>	3 months full pay and 3 months half pay
<b>During the fourth year of service onwards</b>	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. The Returning Officer's election fees are paid to the district Deputy Returning Officers. However the total value of all election fees count as pensionable remuneration for the Returning Officer.

## **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.

	<b>Employee Contributions for those paid above £50k (1 April 2018)</b>	<b>Employer Contributions* (1 April 2018)</b>
<b>Local Government Pension Scheme</b>	8.5% / 9.9% / 10.5 / 11.4 or 12.5% depending on individual salary	20.6%
<b>Firefighters Pension Scheme 1992</b>	15.5/ 16% / 16.5% or 17%* depending on individual salary	21.7%*
<b>New Firefighters Pension Scheme 2006</b>	11.3% / 11.7% / 12.1% or* 12.5 % depending on individual salary	11.9%*

<b>Firefighters Pension Scheme</b>	13.5 % or 14.5%* depending on individual salary	14.3%*
<b>2015</b>		

\*Note these may vary as are subject to re-evaluation in 2018 - – 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 2018 this equates to £TBC (when 2018 NJC for Local Government Workers settlement agreed) 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 2018 in line with the DCLG Local Government Transparency Code 2015. This ratio is published on the Council's website, [Hertfordshire.gov.uk](http://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](http://Hertfordshire.gov.uk) under; 'About the Council' then 'Freedom of Information and Council Data' and then 'Open Data Statistic about Hertfordshire'.

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

**HERTFORDSHIRE COUNTY COUNCIL**  
**EMPLOYMENT COMMITTEE**  
**MONDAY 5 FEBRUARY 2018 AT 2.30PM**

<u>Agenda item</u> <u>No.</u> <b>4</b>
----------------------------------------------

**CHIEF OFFICER SECONDMENT – UPDATE AND REQUEST TO EXTEND  
BACKFILL ARRANGEMENT**

*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 To update the Employment Committee on the secondment of Roy Wilsher, Director of Community Protection to the Chief Fire Officers Association (CFOA) *and*
- 1.2 For Committee to note that Darryl Keen, will continue to backfill this post until March 2019.

**2. Summary**

- 2.1 The Director of Community Protection is responsible for leadership of the Department which includes Hertfordshire Fire and Rescue Service, Trading Standards and County Community Safety Unit. The current substantive post holder (Roy Wilsher) has been on secondment to the Chief Fire Officers' Association "(CFOA )" since 1 April 2017. The Committee is asked to note that the post holder has advised of his intention to retire in March 2018 which will mean this secondment arrangement and employment will formally end at that time.
- 2.3 The post of Director of Community Protection is a Chief Officer role, and the Employment Committee made the decision in December 2016 to appoint a backfill arrangement to cover the secondment until 31 March 2018, with the possibility of extension.

**3. Recommendations**

- 3.1 That the Committee:-
  - (a) Note the intention of the existing substantive post holder as set out in 1.1.
  - (b) Agree that current temporary arrangement with Darryl Keen as Acting Director is extended until 31 March 2019.



#### **4. Background**

- 4.1 The Community Protection Directorate was formed in 2011 by bringing together the activities of Fire and Rescue, Trading Standards and the combined Community Safety unit. Its formation was intended to align a number of prevention and regulatory activities and a significant amount of integration across uniformed and non-uniformed staff has been achieved delivering better and more streamlined outcomes for service users.
- 4.2 Since its formation Roy Wilsher has been its Director. In March 2017, Roy Wilsher was seconded to the CFOA for up to two years. The Committee agreed to a temporary arrangement to cover this secondment.
- 4.3 In August 2017, the Police and Crime Commissioner (“PCC”) advised his intention to ask the Home Secretary to transfer governance of the Fire & Rescue service from the County Council to the PCC. The County Council opposes the PCC’s bid and CIPFA have recently carried out an independent assessment of the PCC’s business case which will be reported to the Secretary of State. It is not known when the Secretary of State will make a decision on the PCC’s bid. .
- 4.4 In January 2018, Roy Wilsher advised of his intention to retire in April 2018.
- 4.5 Given the uncertainty, it is felt it is appropriate to extend the current arrangement until the outcome of the PCC bid is known.
- 4.6 Employment Committee will be given the opportunity to review the Chief Officer arrangement once the outcome of the PCC bid is known.

#### **5. Financial implications**

- 5.1 The backfill post holder falls within the Chief Officer salary band and is paid £121,160 and will be subject to any pay increase arising from the annual review of senior pay. Provision has been made in the base budget for 2018/19.

#### **6. Equality Implications**

- 6.1 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.
- 6.2 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.

- 6.3 There are no equality implications for the County Council arising from the proposals in this report.

**HERTFORDSHIRE COUNTY COUNCIL**

**EMPLOYMENT COMMITTEE  
MONDAY, 5 FEBRUARY 2018 AT 2.30PM**

Agenda Item  
No.

**5**

**CREATION OF DIRECTOR OF ENVIRONMENT AND INFRASTRUCTURE  
POST**

*Report of the Assistant Director of Human Resources having consulted the Leader of the Council*

Author: Sally Hopper, Assistant Director of Human Resources  
(Tel: 01992 555692)

**1. Purpose of report**

1.1 This report has been requested by the Leader of the Council and seeks approval for the creation of a new Chief Officer post of Director of Environment and Infrastructure.

**2. Summary**

2.1 The Employment Committee is responsible for the appointment of the Chief Executive and the Director of Environment and Chief Officers

2.2 This report sets out the context and rationale for the proposal to separate the roles and responsibilities of the Chief Executive and Director of Environment to create a new chief officer post to be known as the Director of Environment and Infrastructure. The Chief Executive as Head of Paid Service agrees to the creation of the new post of Director of Environment and Infrastructure.

2.3 The senior management structure comprises part of the Council's Constitution. Any decisions to separate the roles and responsibilities of the Chief Executive and Director of Environment and to create a new Chief Officer post would constitute changes to the Constitution and should be reported to full Council.

2.4 Full Council would also need to consider revising its delegations to chief officers to reflect the agreed changes to the senior management structure and the Leader of the Council would need to consider revising the delegations of executive functions.

**3. Recommendations**

3.1 That the Committee agree that:

(a) subject as mentioned in (b) below, with effect from 1 April 2018, the roles and responsibilities of the Chief Executive and Director of

Environment be separated and a new Chief Officer post of Director of Environment and Infrastructure be created with the principal areas of responsibility set out in paragraph 4.4 of the report.

- (b) pending appointment to the post of Director of Environment and Infrastructure, that the Chief Executive undertakes the role of Director of Environment and Infrastructure.

3.2 That Committee recommend that Council:

- (a) agrees for inclusion in the Constitution a revised senior officer structure to include the post of Director of Environment and Infrastructure with the principal responsibilities as set out in paragraph 4.4 of the report and the revised officer structure to take effect from 1 April 2018 (As shown in Appendix 2).
- (b) delegates to the Director of Environment and Infrastructure the functions currently set out in paragraph 4.4.5 of Annex 3 to the Constitution and currently delegated to the Chief Executive and Director of Environment (the Chief Executive to retain such delegations until the Director of Environment and Infrastructure takes up post).
- (c) confirms that the post of Chief Executive is designated as Head of Paid Service with the principal responsibilities set out in paragraph 4.5 of the report and retains the delegations in paragraphs 4.4.1 – 4.4.4 of Annex 3 to the Constitution.
- (d) authorises the Chief Legal Officer to make to make any consequential amendments as may be necessary to the Constitution to give effect to the decisions at (a) to (c) above.

#### **4. Background**

- 4.1 Since 2012, the roles and responsibilities of the Chief Executive and the Director of Environment have been combined and fulfilled by one officer. The decision to form the combined role was taken at a time when the Strategic Management Board had one more member than today and priorities and demands on the Authority made this a viable option. Appendix 1 sets out the changes to the Chief Officer structure from 2011 up to the present.
- 4.2 It is clear from Appendix 1 that there have been a number of changes reflecting a changing context since 2012. There is a need to keep this structure under continual review and there have been two particular drivers leading to the proposal in this report.

The role of Chief Executive has had an increasing expectation placed upon it to contribute to strategic external issues, for example the creation of a major change programme within the NHS, known as the NHS Sustainability & Transformation Partnership (STP). In particular, cross sector Chief

Executive attendance and accountability is expressly required in the STP, involving attendance at regular board meetings as well as contributing to ongoing activity outside those meetings. A greater engagement with the governance of Clinical Commissioning Groups is also often required, alongside managing strategic relationships with individual Chief Executives and Chairmen. In its current form the Chief Executive aspect of the role has been delivered through a reduction in participation in external networks and there is pressure for the postholder to play a greater role nationally going forward. The Chief Officer team may also need to be reviewed depending on the outcome of the Police and Crime Commissioner's bid to take over the governance of the Hertfordshire Fire and Rescue Service.

Alongside that, responding to and managing the significant growth planned in Hertfordshire is a key priority for the Authority requiring increased attention from the officer with the responsibilities of the role of the Director of Environment. To give some context of the scale of the Growth Challenge: cumulative District and Borough Local Plans across the county provide for 91,000 new homes, 92,000 new jobs and forecast a 20% increase in traffic up to 2031. Much of this growth is through strategic development requiring board level presence. Hertfordshire County Council needs to play an active role in the delivery of this growth, not least of which will be securing sufficient infrastructure for all County Council services.

- 4.3 In comparison to other County Councils of a similar size, the County Council has the lowest total pay bill for the Chief Executive and their direct reports compared to Kent, Essex, Hampshire and Norfolk. Furthermore, when reviewing the number of roles as referenced in the 2017 Taxpayers Alliance Town Hall Rich List, Hertfordshire has 13 roles paid over £100k, which is significantly fewer roles paid greater than or equal to £100k than for example Essex with 36 and Kent with 26.

When comparing the number of direct reports to the Chief Executive for Essex, Buckinghamshire and Surrey the average is 6. Hertfordshire County Council's Chief Executive currently has 5. The proposed change would mean the County Council equating to the average of 6, and below Essex's Chief Executive who has 8 Executive Directors reporting to him.

- 4.4 To address the challenges referred to in paragraph 4.2, it is proposed that a new post of Director of Environment and Infrastructure is created. The responsibilities of this post will be:
- to provide overall direction to his/her department;
  - to lead Hertfordshire County Council's engagement and negotiations with Hertfordshire's 10 Local Planning Authorities on growth, development and associated infrastructure;
  - to be at the forefront of strategic discussions influencing how growth can be accommodated;

- to be responsible for services in respect of planning, highways, rights of way, waste management, traffic regulation, traffic management, road safety, passenger transport and tourism;
  - to be responsible for strategic planning and economic well-being;
  - to secure infrastructure for County Council services; and
  - to promote and deliver the County Council's housing strategies.
- 4.5 A new Chief Officer structure reflecting the proposals in this report is shown in Appendix 2 and should Committee agree to this proposal, this structure will be proposed by the Chief Executive as Head of Paid Service to full Council for adoption into the Constitution.
- 4.6 The post of Chief Executive would be the designated Head of Paid Service for the Council and would have the following principal areas of responsibility:
- Overall corporate management and operational responsibility, including overall management responsibility for all officers; and
  - Lead policy adviser to the Council and the Executive.
- 4.7 The Chief Executive as Head of Paid Service has proposed the revised management structure (should the Committee agree to the proposal to create the new Chief Officer role). The Director of Environment and Infrastructure would be a member of the Strategic Management Board of the Council and the post of Deputy Director Environment would no longer be a member of the Strategic Management Board. All other duties and terms and conditions of the Deputy Director Environment would not be changed as a result of this proposal.
- 4.7 The Chief Executive would cease his existing role in relation to Environment, other than as line manager to the Director of Environment and Infrastructure and his terms and conditions would not be changed as a result of this proposal.
- 4.8 It is proposed that the post of Director of Environment and Infrastructure be created with effect from 1 April 2018. Pending appointment to this post the Chief Executive will retain his current Director of Environment responsibilities and delegations.
- 4.9 In making the recommendation to separate the combined post of Chief Executive and Director of Environment and to create a new Chief Officer post of Director of Environment and Infrastructure the option to carry on "as is" has been given full consideration. It has been concluded that this is unsustainable and unlikely to meet the priorities of the County Council.

## **5. Financial Implications**

- 5.1 The recommendation to create a new Chief Officer post of Director of Environment and Infrastructure is expected to necessitate offering a

headline salary of around £130,000 per annum (£166,000 including on costs). This cost will be partially offset through some adjustments to the Assistant Director structure in the department. This estimate is given in the context that the salary range for Chief Officers is £121,106 - £163,534 (April 2017).

- 5.2 Even with the proposed new post, the cost of the Environment senior management team is around £300K less than it was in April 2012 when the current arrangement started.
- 5.3 With the inclusion of this new post and taking into account the changes in the Chief Officer team reflected in paragraph 4.2., the overall cost of the Chief Officer team is comparable with the April 2012 position.
- 5.4 The additional cost arising from the new post can be met from within the proposed Integrated Plan for 2018/19 - 2021/22.

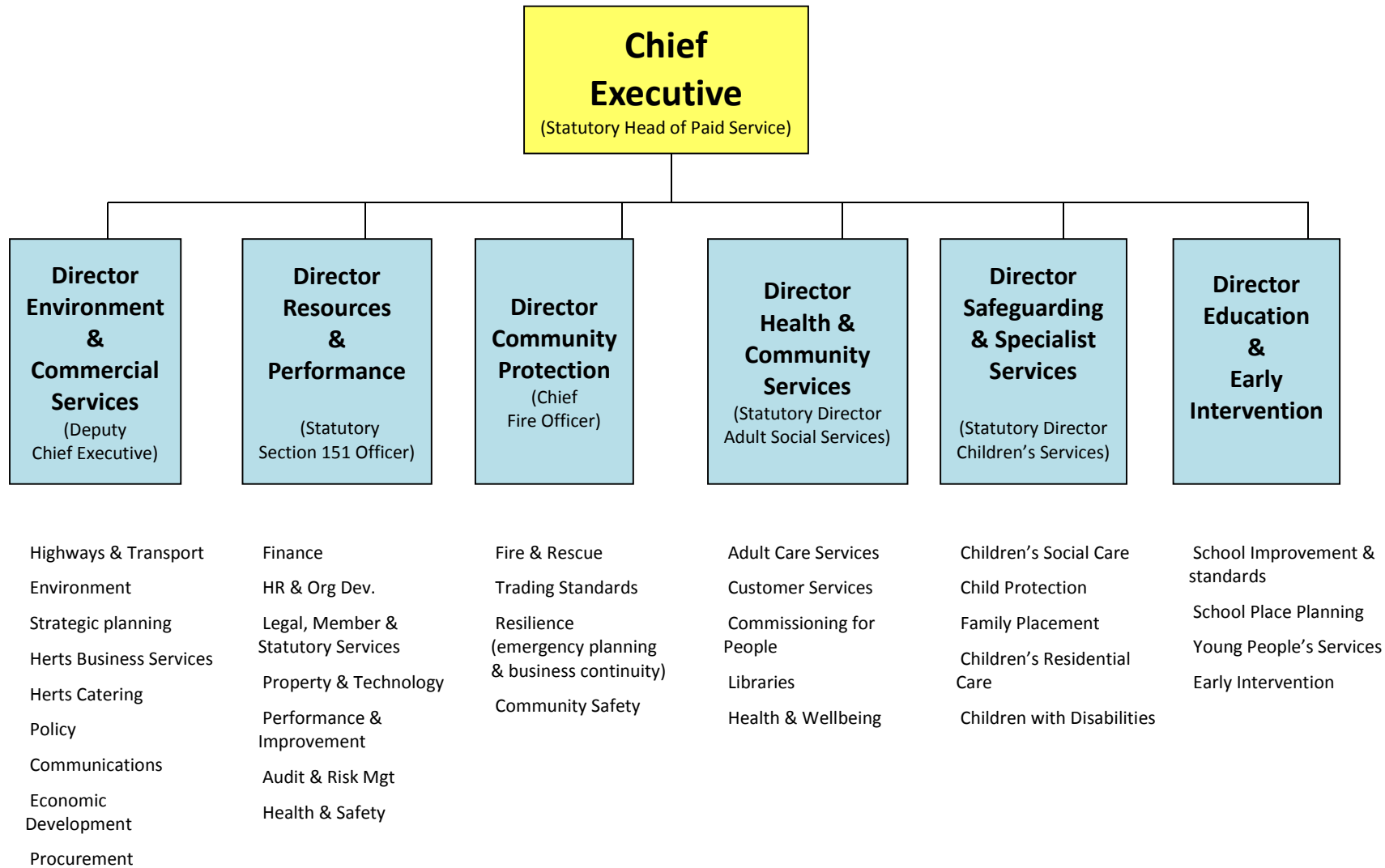
## **6. Equalities implications**

- 6.1 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.
- 6.2 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.
- 6.3 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 recruitment and selection process.

# Employment Committee report 5 February 2018

## Strategic Management Board (SMB)

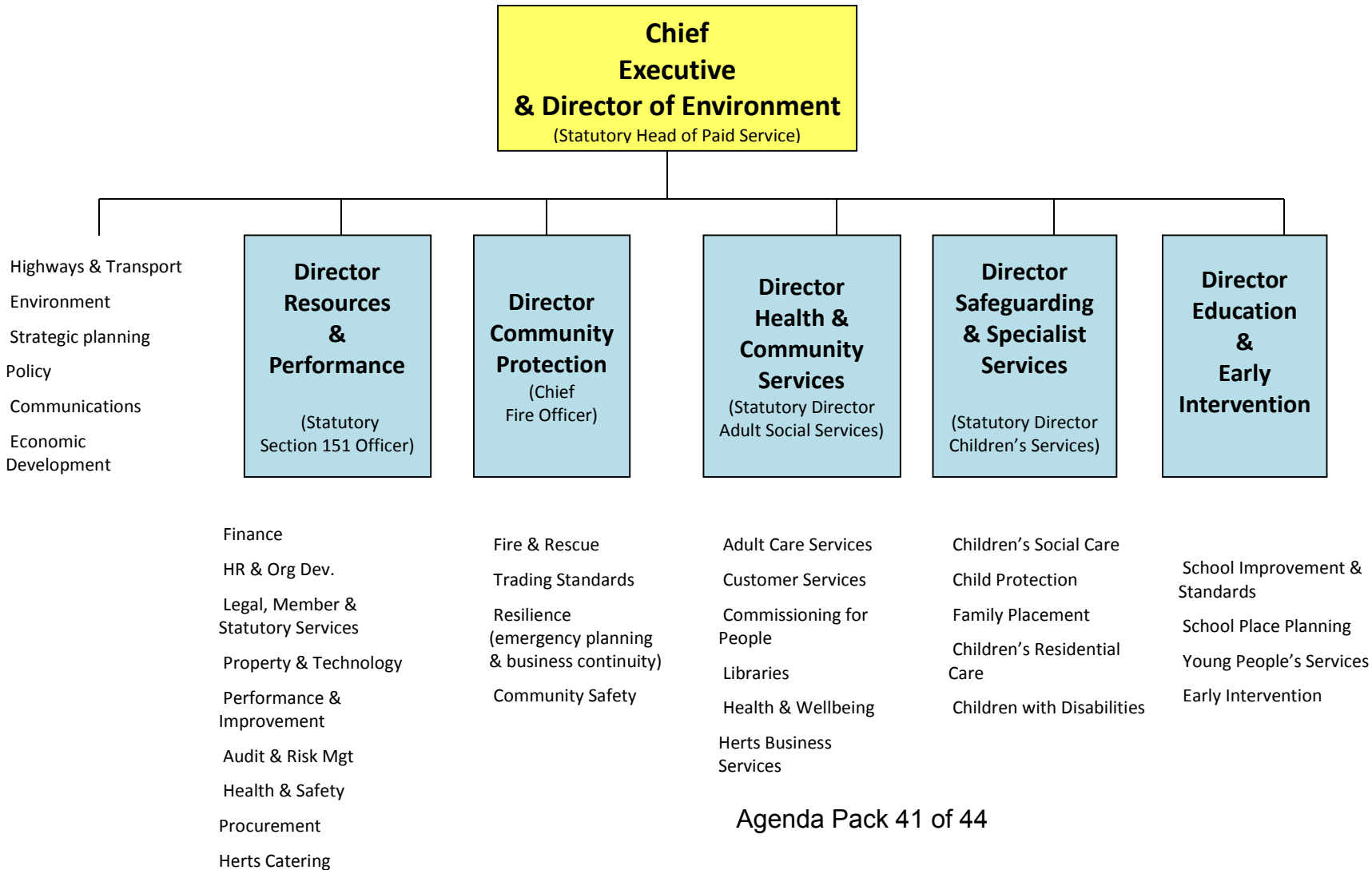
(structure as at 1 October 2011)





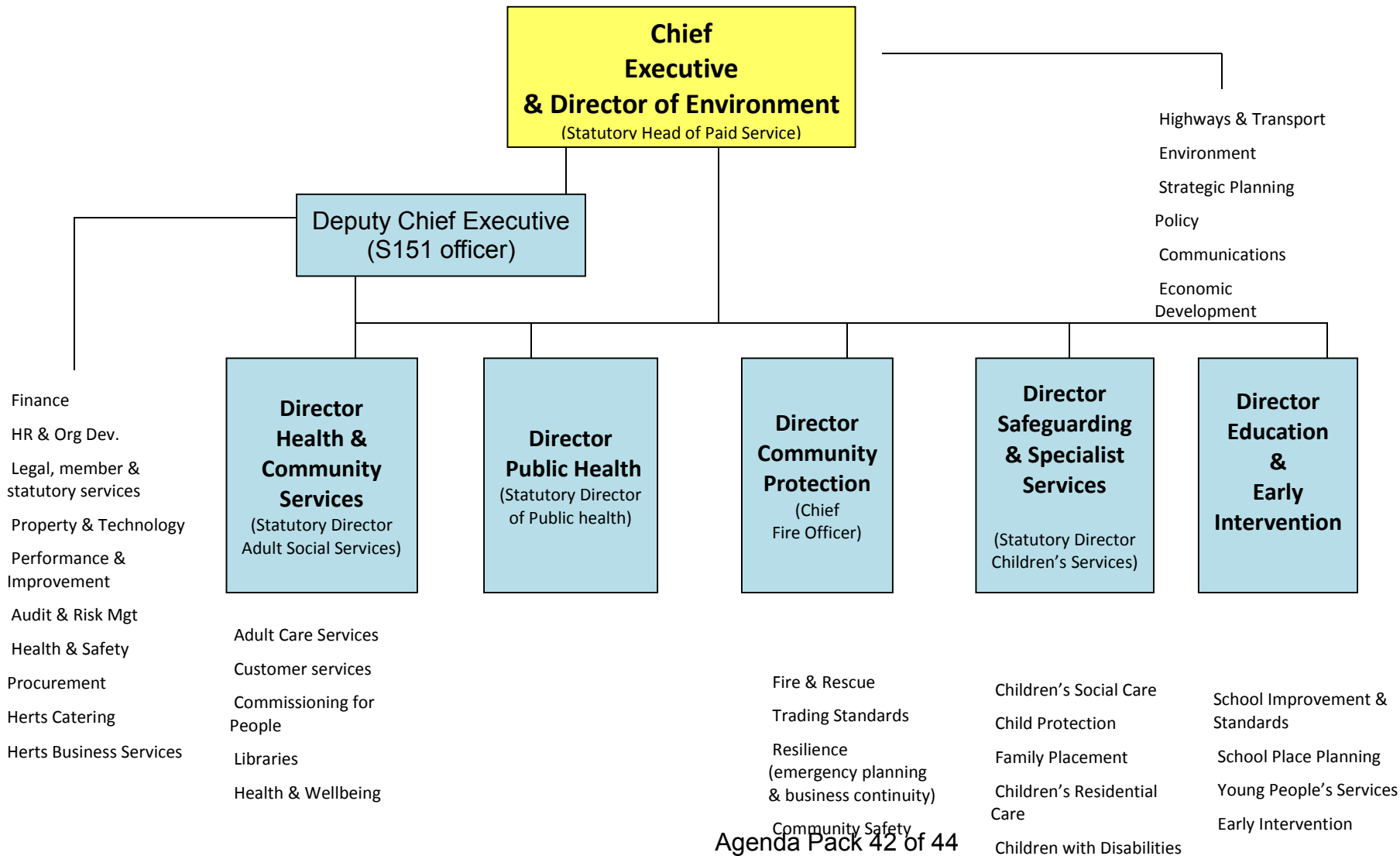
# Strategic Management Board (SMB)

## Statutory and service responsibilities (June 2012)



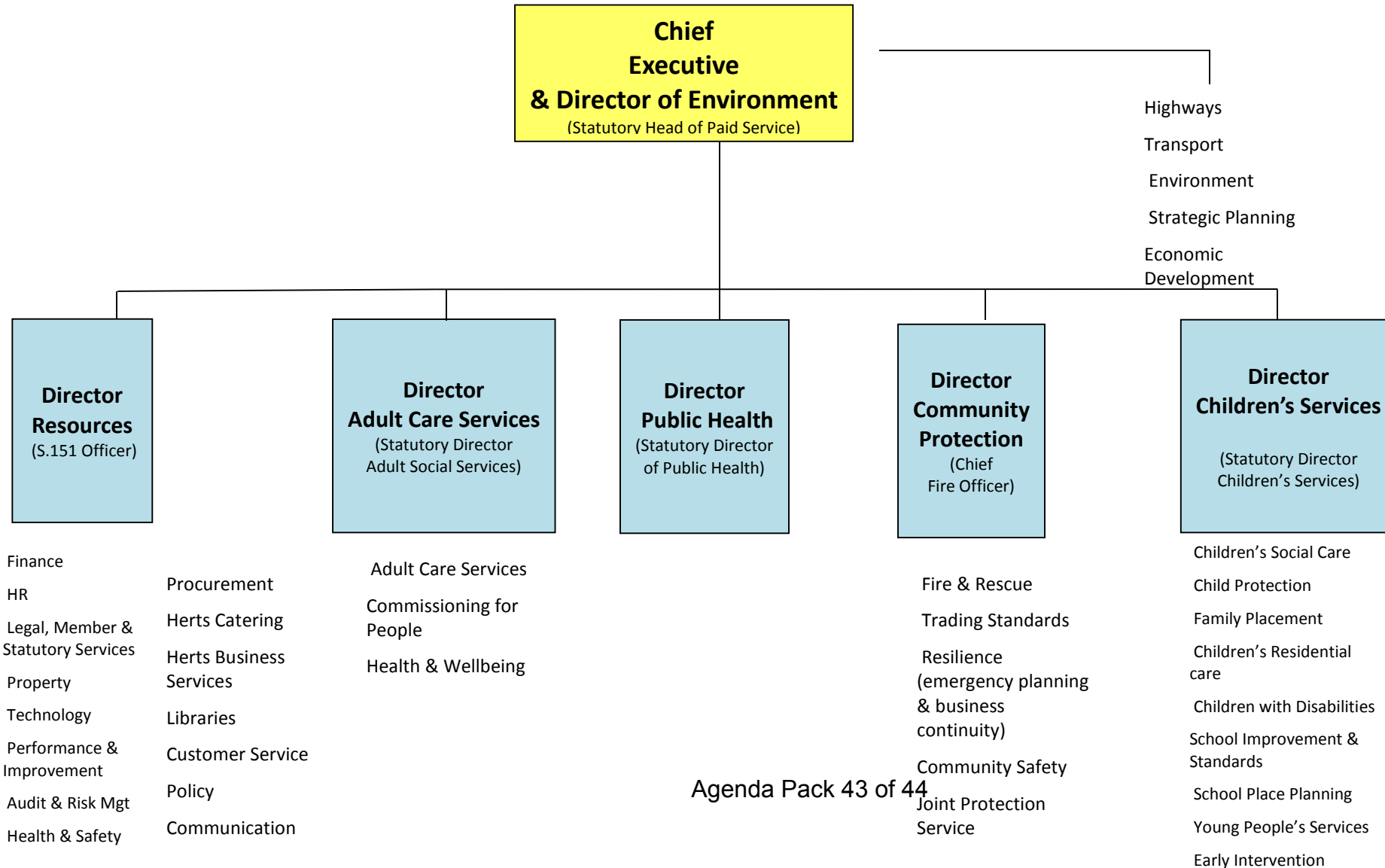
# Strategic Management Board (SMB)

## Statutory and service responsibilities April 2013



# Strategic Management Board (SMB)

## Statutory and service responsibilities July 2017



## Appendix 2

### Strategic Management Board (SMB) April 2018 Statutory and Service responsibilities

