

AGENDA

Employment Panel

Date: **Monday 18 January 2016**

Time: **10.00 am**

Place: **Committee Room 1, The Shire Hall, St Peter's Square,
Hereford, HR1 2HX**

Notes: Please note the **time, date** and **venue** of the meeting.

For any further information please contact:

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Agenda for the Meeting of the Employment Panel

Chairman

Councillor AW Johnson

Councillor H Bramer
Councillor RI Matthews
Councillor PM Morgan
Councillor AJW Powers

AGENDA

	Pages
1. APOLOGIES FOR ABSENCE To receive any apologies for absence.	
2. NAMED SUBSTITUTES (IF ANY) To receive details of any member nominated to attend the meeting in place of a member of the panel.	
3. DECLARATIONS OF INTEREST To receive any declarations of interest by members in respect of items on this agenda.	
4. MINUTES To approve and sign the minutes of the meeting held on 11 September 2015.	7 - 8
5. PAY POLICY STATEMENT 2016 To consider a draft pay policy statement for recommendation to council; to update the employment panel about implementing the living wage, and the current national pay negotiations.	9 - 30

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MINUTES of the meeting of Employment Panel held at Shire Hall, Hereford on Friday 11 September 2015 at 4.00 pm

Present: Councillor AW Johnson (Chairman)
Councillor PM Morgan (Vice Chairman)

Councillors: H Bramer, RI Matthews and AJW Powers

Officers: Annie Brookes, Geoff Hughes and TJ Postles

7. DECLARATIONS OF INTEREST

There were no declarations of interest.

8. MINUTES

RESOLVED

That the minutes of the meeting held on 19 June 2015 be approved.

9. DESIGNATION OF POST AS STATUTORY OFFICER (MONITORING OFFICER)

The director, economy communities and corporate, presented the report and explained that he was consulting on a proposed restructure of the directorate. The proposal would reduce by one third the senior management costs in line with reducing budgets across the organisation. The assistant director, law and governance, to which the role of monitoring officer was assigned, had requested voluntary redundancy, which had been accepted. As the post currently designated as monitoring officer was being made redundant, interim arrangements were being proposed to give a maximum nine-month period in which a range of options to provide the monitoring officer role could be explored.

It was proposed that the interim arrangement would be to designate the post of deputy solicitor to the council, regulatory and people, as monitoring officer and that recommendation would be presented to full council for decision if the employment panel agreed.

It was noted that the next meeting of the council was on 25 September.

In answer to a question from the chair regarding the longer-term arrangements for the role, there would be a nine-month cover period to allow for consultation on possible future arrangements which could include, for example, sharing a monitoring officer with another council or scoping a longer term role and a possible recruitment process. It was acknowledged that a proper assessment of options and market testing was needed before making any permanent appointment.

There are currently two deputy monitoring officers (the deputy solicitor to the council, regulatory and people, and the governance manager); the governance manager would be likely to continue as deputy to support the interim monitoring officer.

The chair noted that the departing assistant director holding the role of monitoring officer was also the lead solicitor to the council and therefore asked how the lead solicitor role would be replaced. It was clarified that there was a full legal team in place at present and more specialised advice would be procured if required.

A member expressed regret that the assistant director was leaving and gave thanks for his contribution to the council, and moved that the post of deputy solicitor to the council regulatory and people be recommended to council for designation as interim monitoring officer.

In answer to a Member's question regarding the enhancement that the interim post holder would receive, it was clarified that this would be 5% of her current salary.

It was noted that whilst this arrangement represented a significant reduction in cost, this would not necessarily be realised with a permanent arrangement as any post would have to be evaluated.

A Member noted that this was a statutory role and questioned the validity of voluntary redundancy rather than a resignation. In explanation, the director, economy communities and corporate stated that voluntary redundancy was agreed as part of the consultation and restructuring in which the director's direct reports were affected. The role held by the departing officer was at risk and there would have been competition for a new role. The officer took the decision not to complete and requested voluntary redundancy.

It was clarified that the proposal was not to make the role of monitoring officer redundant but the officer's post carried it as part of the role. The role of monitoring officer is still required and so it was necessary to designate another role. It was agreed this point of clarification would be included in the report to Council.

A member expressed concern about opportunities for officers to gain from leaving the organisation and sought assurance that the severance package was reasonable. It was clarified that the council's policy was based on the statutory calculation multiplied by 1.5; and it was noted that the council had reviewed the redundancy policy to reduce compensation arrangements. There was confidence in the proposed interim post holder and the proposal would allow for quicker reduction in costs.

In answer to the same member's question about other aspects of the departing officer's role, it was explained that the post held a number of other statutory roles such as for Reporting of Injuries, Diseases and Dangerous Occurrences (RIDDOR) which would be allocated to other officers. It was noted that as the council was providing fewer services, fewer senior officers were needed and there was confidence that risks were being managed. There were other officers at risk and so there may be further volunteers for redundancy.

RESOLVED

That, subject to making some grammatical changes to the report, it be recommended to Council that the post of deputy solicitor to the council, people and regulatory, be designated monitoring officer for an interim period of up to nine months from the date of approval.

The meeting ended at 4.22 pm

CHAIRMAN



MEETING:	Employment panel
MEETING DATE:	18 January 2016
TITLE OF REPORT:	Pay policy statement
REPORT BY:	Chief executive

Classification

Open

Key decision

This is not an executive decision.

Wards affected

County-wide

Purpose

To consider a draft pay policy statement for recommendation to council; to update the employment panel about implementing the living wage, and the current national pay negotiations.

Recommendation(s)

THAT the following be recommended to Council:

- (a) the pay policy statement summarising existing council policies (at appendix A) be approved;**
- (b) authority be delegated to the monitoring officer, following consultation with the chief executive, to make in year technical amendments to the statement to reflect changes to post holder details or approved changes to local or national pay policy; and**
- (c) having regard to the introduction of the statutory national living wage effective April 2016 no further action be taken in response to Council's resolution to consider how to introduce the Living Wage Foundation living wage.**

Alternative options

- 1 There are no alternative options to recommendation a); the approval by Council of a pay policy statement for the authority is a statutory requirement and the statement does not of itself make any policy changes, but provides a summary of those policies already in place.
- 2 It is open to the panel to consider recommending adoption of the Living Wage

Further information on the subject of this report is available from
Alistair Neill, chief executive on Tel (01432) 260044

Foundation (LWF) living wage. This is not recommended given the additional financial implications for council maintained schools and council contractors, and ending assessment of the impacts following the introduction of the statutory national living wage (NLW).

Reasons for recommendations

- 3 To provide transparency with regard to the council's approach to setting the pay of its employees in compliance with the provisions of the Localism Act 2011 and the Local Government Transparency Code 2015.
- 4 The government announcement about the introduction of the NLW was made after Council had asked for proposals about how to implement the LWF living wage. The latter is voluntary and determined each year. Whilst clarity is still required about how the national living wage will increase, it is known that it will reach at least £9 an hour by 2020, which assists financial planning.
- 5 Each increase has an effect on the pay structure and erodes differentials and relativities between roles. How best to manage this needs to be established. As the council's pay structure is aligned to the national pay structure, implementing the national living wage rather than the LWF living wage would enable us to work with Local Government Employers (LGE) and tap into their advice and guidance about how this can best be achieved.

Key considerations

Pay policy statement

- 6 The Localism Act places a requirement on local authorities to produce an annual pay policy statement for each financial year and for this statement to be approved by council before the start of the financial year to which it relates.
- 7 The statement must set out the council's policies relating to:
 - a) the remuneration of its chief officers;
 - b) the remuneration of its lowest paid employees; and
 - c) the relationship between the remuneration of its chief officers and the remuneration of its employees who are not chief officers.
- 8 The statement must include the council's definition of 'lowest paid employees' and the reasons for adopting that definition.
- 9 The statement must include policies relating to:
 - a) the level and elements of remuneration for each chief officer;
 - b) remuneration of chief officers on recruitment;
 - c) increases and additions to remuneration for each chief officer;
 - d) the use of performance related pay for chief officers;
 - e) the use of bonuses for chief officers;
 - f) the approach to the payment of chief officers on their ceasing to hold office under, or to be employed by the authority; and
 - g) the publication of and access to information relating to remuneration of chief officers.

- 10 The local government transparency code came into effect in February 2015. Local authorities must, under this code, publish the pay multiple on their website, defined as the ratio between the highest paid taxable earnings for the given year (including base salary, variable pay, bonuses, allowances and the cash value of any benefits-in-kind) and the median earnings figure of the whole of the authority's workforce. The measure must:
- a) cover all elements of remuneration that can be valued (e.g. all taxable earnings for the given year, including base salary, variable pay, bonuses, allowances and the cash value of any benefits-in-kind);
 - b) use the median earnings figure as the denominator, which should be that of all employees of the local authority on a fixed date each year, coinciding with reporting at the end of the financial year, and
 - c) exclude changes in pension benefits, which due to their variety and complexity cannot be accurately included in a pay multiple disclosure.
- 11 The pay multiples presented in the pay policy statement comply with the transparency code requirements.
- 12 The statement draws together factual material and provides a summary of the current pay policies of the council.
- 13 All posts, whether chief officer or not, have their level of remuneration established through assessment by a nationally recognised and independent job evaluation scheme. Council must approve any new salary packages, or severance payments, exceeding £100,000.
- 14 The pay policy statement for 2015 was produced when the council was in a state of transition and recruiting to senior posts. The 2016 statement shows a more stable position with fewer contracted services.
- 15 In approving its statement, Council must have regard to any guidance issued by the secretary of state. This has been taken into consideration in the development of the statement.
- 16 The pay policy statement follows a previous format and has been updated to reflect current data relating to roles, salaries and financial information. There have been no subsequent pay policy changes.

Living wage

- 17 On 12 December 2014 Council passed a motion 'that the chief executive, as head of paid service, be requested to report to the employment panel and council on how to achieve the following outcome: introduce the living wage into the council's pay policy in place of the inadequate minimum wage.' This work was planned to be carried out mid-year however the July budget introduced the national living wage. As such the policy was reviewed in this context.
- 18 The living wage referred to by Council is the Living Wage Foundation (LWF) living wage which is a voluntary rate set each year in November. Further information about how it is calculated is available on www.livingwage.org.uk.
- 19 The statutory NLW from April 2016 will be at a rate of £7.20 per hour at age 25 and above, rising annually so that by 2020 it is 60% of median UK earnings per hour which, based on data available, is likely to be around £9.30 per hour. A comparison of the relevant rates, including national minimum wage for completeness, is below:

		Per hour
National minimum wage (NMW) as at 1 Oct 15	Age 21 and over	£6.70
	Aged 18-20	£5.30
	Under 18	£3.87
	Apprentice aged 16-18 and 19 and over in 1 st year of scheme. All others: NMW for their age	£3.30
Living Wage Foundation LW as at 2 Nov 15.		£8.25 (previously £7.85)
Proposed national living wage (NLW) as at 1 April 2016.	Age 25 and over	£7.20 (rising to £9.00+ in 2020)

- 20 The council's policy is to have transparent pay structures that identify the rate for the job through job evaluation based on objective criteria, including the responsibilities and accountabilities of the role, so that is free from bias. It does not take account of the job holder's age so the council will ensure that all employees are paid as a minimum the NLW regardless of age. This excludes apprentices who have their own scheme.

National pay negotiations

- 21 The existing national pay deal was for two years and ends on 31 March 2016. Trade Unions have submitted a three part claim that is identical to their 2014 claim. In particular they are seeking deletion of NJC and local pay points which fall below the level of the UK Living Wage i.e. £8.25 and a flat rate increase of £1 per hour on all other pay points.
- 22 The Local Government Association (LGA) has worked with the regional employers to refresh the intelligence with regard to local authorities who are applying the LWF living wage (see appendix b). Since the last summary published in April, the number of councils that have implemented the LWF rates has increased from 157 to 175. In addition a further 27 councils, while not having specifically adopted the LWF rates, pay all employees above that rate as a result of the minimum pay rate within their grading structure. This could change if increases in the LWF rates are higher than pay settlements within the sector in future years.
- 23 Appendix b shows the status of councils' intent or commitment to paying the LWF living wage. It should be noted that:
- some councils are no longer included in the list, as while they had implemented the LWF rate in previous years they have taken a specific decision not to increase pay in line with the rates at the time of the survey, i.e. £9.15 (London) and £7.85 (rest of UK);
 - some councils have adopted it on an 'open ended' basis, while in others the issue is considered each time the living wage figure increases. These are not distinguished within the table;
 - of the 175 councils that have adopted the living wage, 18 are not covered by national pay bargaining. These are shown in red within the table;
 - 33 councils are now accredited by the LWF, i.e. contracted staff are already being paid at living wage rates or have committed that contracts would be reviewed at living wage rates. These are shown in bold italics;
 - a further eight councils have made a firm political commitment to adopt the

appropriate LWF rate by a specific date;

- f) a number of councils have adopted a locally determined Living Wage that is lower than the nationally set rate;
- g) the survey summary does not identify whether councils have implemented it by moving employees up the pay spine or through paying a separate supplement. The wider survey carried out in 2014 indicated that it had been implemented in a multitude of ways that could not be readily summarised in a simple table.

Implications

- 24 The LGA has estimated that the impact of implementing the union's claim in full would represent an increase of 8.3% on current levels (based on living wage of £7.85, before the increase to £8.25 on 2 November 2015).
- 25 The introduction of the statutory NLW has the following national implications for councils and support staff in schools
 - a) the increase in the base point of the LG pay spine from £5 per hour to the current £7.06 took 13 years. The same increase and more is required over the next four years.
 - b) national employers do not consider that addressing the NLW within the context of a longer term (four year) pay deal is a realistic option in view of the array of unknowns. They will therefore be looking for a two year deal in 2016/17 and 2017/18 so that they can spend time looking at a new pay spine.
 - c) as the NLW rate increases the pay points on the pay structure will drop off the bottom. In four years the lowest pay point is likely to be scp19 which for the council sits within HC5, resulting in loss of differentials and relativities. Work will need to be done by employers (collectively) to design a new approach. Based on current data this would affect 298 employees as follows:

Grade	National SCP	Annual Pay Rate £	Hourly Pay Rate	No of employees		
				F	M	total
HC2	7	13,715	7.11	0	0	0
	8	13,871	7.19	0	0	0
	9	14,075	7.30	0	0	0
	10	14,338	7.43	1	0	1
HC3	10	14,338	7.43	3	2	5
	11	15,207	7.88	1	1	2
	12	15,523	8.05	2	3	5
	13	15,941	8.26	56	11	67
HC4	13	15,941	8.26	26	4	30
	14	16,231	8.41	12	4	16
	15	16,572	8.59	13	2	15
	16	16,969	8.80	78	21	99
HC5	17	17,372	9.00	30	3	33
	18	17,714	9.18	14	11	25
	19	18,376	9.52	18	0	18
	20	19,048	9.87	5	5	10
	21	19,742	10.23	93	23	116

- d) the LGA is not considering a 'single status mark II', however it expects that local authorities will need to review local grading structures and role definitions in order to shift to a new and more flexible spine.

- 26 If the council decided to implement the LWF living wage unilaterally, the breakdown in differentials and relativities would happen sooner and would need to be addressed. In addition, other considerations would include whether:
- a) to create an allowance to enable employees to maintain their substantive pay and received the difference as an allowance;
 - b) to obtain annual agreement when the new rates were announced or to automatically increase;
 - c) to adopt a rate that is lower than the LWF living wage.
- 27 Service areas, together with finance and commercial services, have reviewed the impact of both the national living wage and LWF living wage on current contracts.

Community impact

- 28 The council, as an employer, has a significant role to play in the local economy. We have an explicit corporate objective related to increasing the average wage and the number of people that work in Herefordshire. Consideration should continue to be given to the degree to which the commissioning approach adopted by the council may be used to influence pay policies of local contractors who supply goods or services on behalf of the authority. The council continues to ensure that the resources available are used in the most effective way.

Equality duty

- 29 The statement makes clear that the council's employment policies, and the processes by which pay levels for a post are set, have full regard to relevant equality legislation.
- 30 The public sector equality duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations, and demonstrate that we are paying "due regard" in our decision making in the design of policies and in the delivery of services.

Financial implications

- 31 There are no financial implications relating to the pay policy statement arising from the report; the statement simply summarises current policies and pay levels.
- 32 The financial impact of implementing the national living wage across the council, council schools and contractors at a rate of £7.20 in 2016/17 is estimated to be £700k per year and has been accounted for in the proposed 2016/17 budget, with future years included in the medium term financial strategy (MTFS).

	2016/17	2017/18	2018/19	2019/20	Total
	£000	£000	£000	£000	£000
Council	0	1	4	45	50
Council Schools	1	42	125	231	399
Contractors	686	618	491	539	2,334

Total Cost of National Living Wage	687	661	620	815	2,783
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- 33 The financial impact of implementing the LWF living wage across the council, council schools and contractors at a rate of £8.25 in 2016/17 would have been £1.8m per year, an additional £1.1m.

Legal implications

- 34 Sections 38 – 43 of the Localism Act 2011 require that the Authority prepare a pay policy statement for each financial year. It must be prepared and approved before 31 March and once approved published. This policy statement meets the requirements of the Localism Act and also meets the requirements of the guidance issued by the Secretary of State for Communities and Local Government to which the Authority is required to have regard under Section 40 of that Act
- 35 From 1 April 2016 there will be a requirement in law to pay the NLW to those over the age of 25. There is no legal requirement to pay this rate to all employees. The reason for any difference in treatment is due to the forthcoming legislation which will justify the differential.
- 36 If the council decides to implement for all employees then a change will be needed to affected employees terms and conditions and it is suggested this would be via a collective agreement, whether at national or local level.

Risk management

- 37 Failure to approve and publish a statement would result on non-compliance with a statutory requirement. Arrangements are in place to ensure publication of the statement following approval by council.
- 38 To avoid equal pay claims any decision should be applied across both the council and maintained schools as support staff in schools have the same terms and conditions as core employees.

Consultees

- 39 Management board, trade unions, employees, and employment panel will continue to be engaged as appropriate on future thinking and associated plans to make any further changes to elements of the pay policy, or terms and conditions of employment.

Appendices

Appendix A – Draft pay policy statement

Appendix B – Living wage employers as at October 15

Background Papers

None identified.

Pay Policy Statement 2016

Introduction and purpose

1. The purpose of this statement is to set out the council's approach to setting the pay of its employees (excluding those working in local authority schools) by identifying:
 - the methods by which salaries of all employees are determined;
 - the detail and level of remuneration of its most senior staff (chief officers), as defined by the relevant legislation;
 - who is responsible for ensuring the provisions set out in this statement are applied consistently throughout the council, and for recommending any changes to council.
2. The statement is subject to an annual review; technical amendments reflecting changes in post holder details or to reflect approved changes in national or local pay policy will be made in year.

Legislative framework

3. Section 38(1) of the Localism Act 2011 requires local authorities to produce an annual pay policy statement.
4. The Department for Communities and Local Government publishes [guidance about openness and accountability in local pay](#).
5. Under section 112 of the Local Government Act 1972, the council has the 'power to appoint officers on such reasonable terms and conditions as the authority thinks fit', subject to the provisions of section 41 of the Localism Act (namely for decisions in relation to terms and conditions of chief officers to comply with the pay policy statement).
6. In determining the pay and remuneration of all of its employees, Herefordshire Council will comply with all relevant employment legislation. With regard to the equal pay requirements contained within the Equality Act, the council ensures there is no pay discrimination within its pay structures and that all pay differentials can be objectively justified through the use of equality proofed job evaluation mechanisms which directly relate salaries to the requirements, demands and responsibilities of the role.

Organisational context

7. All local authorities are reducing services as the government has indicated that it will continue to significantly reduce the funding it provides to local government across England. Direct government funding is being cut by over 40% in the worst cases.

8. In addition Herefordshire Council serves ever more people, particularly in essential areas such as children's safeguarding and adult social care. Nonetheless we must reduce expenditure in total by approximately £32m in the period 2016/17 – 2019/20; this is in addition to the £59m of savings delivered since 2010, £91m in total.
9. We have managed to reduce our costs substantially by working in better ways and being more efficient, including a reduction in the number of senior posts, and a reduction in the salary levels of chief officer posts. We will keep doing this but there is little opportunity left to reduce costs without reducing our services further.
10. We have less, so, even after efficiencies, we must do less.
11. Our priority areas are, within the resource available to us, to enable residents to live safe, healthy and independent lives, keep children and young people safe and give them a great start in life, support the growth of our economy, and secure better services, quality of life and value for money.
12. To continue to deliver our priorities our medium term financial strategy as well as delivering efficiencies involves changing the way services are provided and by managing demand.

Pay structure / national frameworks

13. Herefordshire Council is committed to fair pay and grading determined by a robust and objective job evaluation process. The *national job evaluation scheme* is used for all posts up to HC7 and the *Hay job evaluation scheme* for all posts above this level.
14. Based on the application of the job evaluation process, the council uses the nationally negotiated pay spine (attached at Appendix 1) as the basis for its local pay rates in relation to job grades. This determines the salaries of the large majority of the non-school based workforce, together with the use of other nationally defined rates where relevant. National pay increased by 2.2% in January 2015, covering the period 2014/15 and 2015/16.
15. All other pay related allowances are the subject of either nationally or locally negotiated rates, having been determined from time to time in accordance with collective bargaining machinery and or as determined by council policy. In determining its grading structure and setting remuneration levels for all posts, the council takes account of the need to ensure value for money in respect of the use of public expenditure, balanced against the need to recruit and retain employees who are able to meet the requirements of providing high quality services to the community, delivered effectively and efficiently and at times those services are required.
16. As defined in the HR reward policy, new appointments will normally be made at the minimum of the relevant grade, although this can be varied where necessary to secure the best candidate.
17. From time to time it may be necessary to take account of the external pay market in order to attract and retain employees with particular experience, skills and capacity. In accordance with the council's policy on market forces, where this is necessary the council will ensure the requirement for such a market forces supplement is objectively justified by reference to clear and transparent evidence of relevant market comparators, using appropriate data sources available from within and outside the local government sector, and supported by a sound business case. Any market forces supplement will be

payable for a pre-determined fixed period of up to two years and will be subject to ongoing review. As appropriate a retention bonus may be applied to specific hard to fill posts, e.g. qualified children's social workers.

18. The council does not make use of performance related pay for any of its employees.
19. Relocation for new employees and mileage are classed as expenses, i.e. are not tax deductible and relate to additional costs incurred.

Senior management remuneration

20. For the purpose of this statement 'senior management' means 'chief officers' as defined within section 43 of the Localism Act. The posts falling within this definition are listed below, with details of their remuneration (excluding standard pension contribution) as at 4 January 2016.
21. In the table below, 'remuneration', in relation to a chief officer means:
 - (a) the chief officers salary. This includes net annual salaries, taking account of two days unpaid leave deduction and any additional payments such as market forces supplements, allowances, benefits-in-kind, as defined in the local government transparency code 2015. On costs are not included, which are typically an additional 24%;
 - (b) in the case of a chief officer engaged under a contract for services, payments made by the authority to the chief officer for those services.
22. The contract for services budget amount should not be confused with or interpreted as a salary that an interim chief officer would receive through a contract for service arrangement as the budget covers the cost of the service provided, including national insurance, pension contributions and the cost of the agency managing the contract and does not directly relate to the value of the remuneration paid to the individuals carrying out the work.

Post Title	Total Pay £	Contract for services budget £	Notes
CEO Herefordshire Council (<i>head of paid service</i>)	143,888		
Solicitor to the council people and regulatory (<i>monitoring officer</i>)	55,485		1
Statutory chief officers			
Director of children's wellbeing (0.9 fte)	107,172		
Director for adults and wellbeing	119,079		
Director of resources (<i>section 151 officer</i>)	97,248		
Director of public health (0.4 fte)		64,000	2

	Post Title	Total Pay £	Contract for services budget £	Notes
Non statutory chief officers				
	Director for economy communities and corporate	119,079		
Deputy chief officers				
	Public health consultant	90,581		
	Public health consultant (0.5 fte)		86,400	
	Public health consultant (0.8 fte)		103,812	
	Assistant director safeguarding and family support	85,132		3
	Assistant director adults and wellbeing commissioning	84,132		4
	Assistant director commissioning and education	80,132		
	Assistant director commissioning	80,132		
	Assistant director communities	75,976		
	Assistant director operations and support	75,976		
	Programme director – housing and growth	73,978		
	Head of human resources and organisation development	55,734		
	Head of corporate finance (<i>deputy S151 officer</i>)	52,824		
	Head of transformation	51,426		
	Head of strategic asset management	50,064		
	Head of management accounting (0.92 fte)	48,541		
	Strategic business intelligence manager	38,996		
	Finance business partner (0.6 fte)	33,892		
	Enterprise Zone Managing Director (0.5 fte)		24,000	

1. Honorarium for additional duties of 5% of salary
2. The council has an interim shared services arrangement to deliver the statutory responsibilities of the director of public health with Shropshire Council.
3. Market Forces Supplement of £5,000
4. Golden-hello payment of £4,000

Additions to salary of chief officers

23. The chief executive is the returning officer for Herefordshire. No additional payment is made for fulfilling this duty.
24. The council does not apply any bonuses, pension enhancements (subject to para. 28 below) or performance related pay at this time to its chief officers. No other pay benefits are paid to chief officers at the time of producing this statement.

Recruitment of chief officers

25. Herefordshire Council's rules with regard to employment of staff are set out within the employment rules contained within section 4.9 of the constitution, available at the following link:

<http://councillors.herefordshire.gov.uk/ieListDocuments.aspx?CId=332&MId=4894&Ver=4&Info=1>

26. Where the council requires short term focus on a particular transformation or turnaround priority, it will consider and utilise engagement of specialist consultancy companies under 'contracts of service' rather than employing individuals. Currently this only applies to enterprise zone programme delivery and some elements of public health. These services will continue to be sourced through a relevant procurement process in accordance with the council's contracts procedure rules, ensuring the council is able to demonstrate the maximum value for money benefits from competition in securing the relevant service.
27. Any officer previously employed by Herefordshire Council in receipt of a severance or redundancy payment when their employment ceases may not be re-employed by the authority (including under a contract of service or as an agency worker) until a period of at least six months has elapsed, unless through exceptional circumstances (in which case the payment would be claimed back on a pro-rata basis).
28. Any officer appointed to the council who has been made redundant within the previous two years from an organisation covered by the Redundancy Payments (Continuity of Employment in Local Government etc) (Modification) Order 1999 (as amended) (which applies to local authorities and related bodies) will have their previous continuous service taken into account for the purpose of calculating annual leave, sick pay, maternity / paternity entitlements. For the purpose of redundancy, the calculation of service would be the date of return to Herefordshire Council.

Payments on termination

29. The council's policy on termination of employment of employees prior to reaching normal retirement age, in accordance with regulations 5 and 6 of the Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations 2006 and Regulation 12 of the Local Government Pension Scheme (Benefits, Membership and Contribution) Regulations 2007 (as amended), is to base redundancy payments on the statutory calculation multiplied by 1.5.
30. Any other payments falling outside the provisions or the relevant periods of contractual notice shall be subject to a formal decision made in accordance with the relevant process as set out in the council's employment rules.
31. The council operates a mutual early resignation scheme under which an individual employee, in agreement with the council, chooses to leave employment in return for a severance payment or, if in the Local Government Pension Scheme and aged over 55, a pension that is not actuarially reduced. It is not a redundancy or a voluntary redundancy.

Pensions

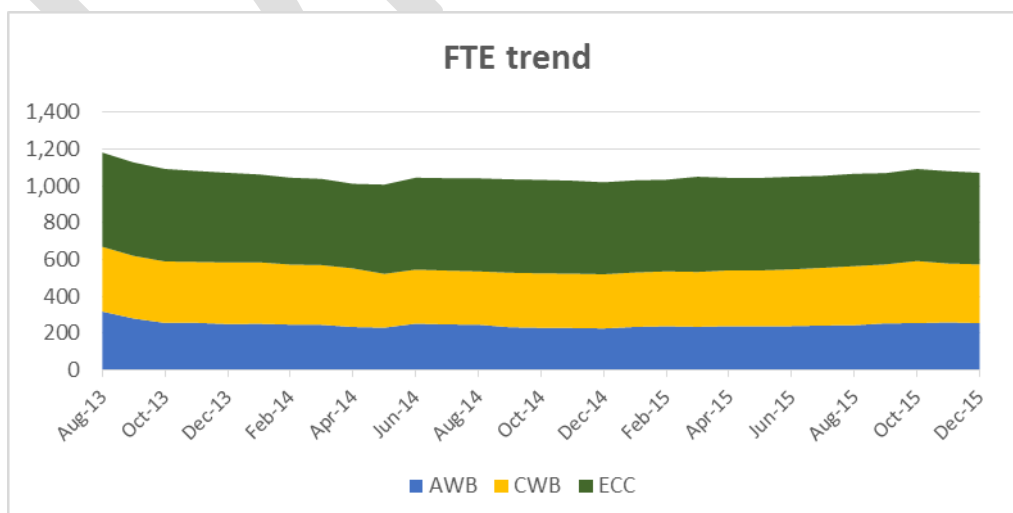
32. Subject to qualifying conditions, employees have a right to join the nationally determined local government pension scheme. The employee contribution rates, which are defined by statute, are as of 1 April 2015:

Whole time pay rate	Contribution rate
Up to £13,600	5.5%
£13,601 to £21,200	5.8%
£21,201 to £34,400	6.5%
£34,401 to £43,500	6.8%
£43,501 to £60,700	8.5%
£60,701 to £86,000	9.9%
£86,001.00 to £100,200	10.5%
£101,201 to £151,800	11.4%
Over £151,800	12.5%

33. Scheme members have the right to opt to pay half rate contributions in return for half the benefits.
34. The employer contribution rates are set by actuaries advising the pension fund; these are reviewed on a triennial basis in order to ensure the scheme is appropriately funded. The current rate, effective from 1 April 2015 is 28.9%. This includes an element of past service deficit funding.

Broader workforce perspective

35. This section of the pay policy statement applies to the non-schools workforce only.
36. The overall spend of Herefordshire Council is approximately £343 million. Approximately £35.5 million is spent on employing the non-schools workforce in relation to basic salaries (including national insurance and superannuation) of directly employed staff to which this policy relates. As at 4 January 2016 (the most recent data available at time of drafting) there were 1063 full-time equivalent (FTE) posts across the organisation.



37. As at 4 January 2016, the median basic salary was £22,937 (excluding national insurance and superannuation). The mean average salary (workforce cost exclusive of national insurance and superannuation divided by headcount) is £26,391 which has increased from £25,717 in November 2014. The median chief officer annual salary is £76,563 (excluding national insurance and superannuation) this has increased from £70,682 last year. This is due to the recruitment at director and assistant director levels to replace contracted services, resulting in an increase in roles meeting the definition of chief officer and deputy chief officer from 15 to 25.
38. For the purpose of this pay policy statement, and in accordance with the provisions of section 38 of the Localism Act, Herefordshire Council defines “lowest paid employees” as those paid on full time (37 hours) equivalent salaries in accordance with the minimum spinal column point currently in use within the council’s grading structure. As at 4 January 2016, this is scp10 £14,338 per annum – there are six people paid at this level. The council employs apprentices who are not included within the definition of ‘lowest paid employees’.
39. The current pay levels within the council define the multiple between the lowest paid (full time equivalent) employee and the chief executive as 1:10 and; between the lowest paid employee and average chief officer as 1:5 The multiple between the median full time equivalent earnings and the chief executive is 1:6 and; between the median full time equivalent earnings and median chief officer is 1:3. The multiple between the actual median salary and the chief executive is 1:7.
40. The authority implemented two days unpaid leave through collective bargaining in May 2013 that applies to all roles within the organisation (excluding schools, TUPE transferred NHS staff and those employed on a term time only contract). The two days are confirmed by the organisation and coincide with the Christmas bank holidays. Local decisions in relation to leave are taken within critical services that continue through this period.
41. The council values the contribution that interim workers make to achieving organisational objectives. They enable a flexible employment model that makes it possible for the council to attract expertise that is not otherwise internally or locally available. Where the nature of the work is time limited utilising interims may be the more cost effective approach by mitigating long-term substantive costs and potential redundancy circumstances. It is normal for organisations going through significant transformation to have a flexible workforce model to achieve the challenging priorities and respond to the associated budget pressures.
42. That said, the agency worker market also needs to operate within a cost and quality model which is affordable. The council has signed up to the west midlands children’s agency social worker protocol which seeks to be transparent about cost and ensure consistent quality.

Accountability and decision making

43. In accordance with the council’s constitution, the employment panel (in respect of the chief executive, monitoring officer, Section 151 officer and directors) or the chief executive (in respect of all other employees) is responsible for decision making in relation to the recruitment, pay, terms and conditions and severance arrangements in relation to employees of the council.

44. For those pay accountability matters identified within the Localism Act as being reserved to council, the employment panel will be the body accountable for formulating recommendations to council including the undertaking of an annual review of this statement before recommending its approval to council as one of the suite of documents council approves as part of its medium term financial strategy. The pay policy statement therefore forms part of the budget and policy framework of the council.
45. In addition to approval of this statement, the right of approval of new salary packages over £100,000 is reserved to council. In such circumstances the employment panel will be the body accountable for developing recommendations to council.

Member pay

46. This pay policy statement does not relate to councillors. Information on councillor allowances can be found at <http://councillors.herefordshire.gov.uk/ecSDDisplay.aspx?name=allowances>.

Publication

47. After approval by council, this statement will be published on the council's website. In addition, senior employees (directors and staff who report to directors who are employed on head of service pay grades) are included in the council's annual statement of accounts (available at: <https://www.herefordshire.gov.uk/government-citizens-and-rights/democracy/council-finances/>) that includes a note setting out the total amount of:
- Salary, fees or allowances paid to or receivable by the person in the current and previous year.
 - Any bonuses so paid or receivable by the person in the current and previous year.
 - Any sums payable by way of expenses allowance that are chargeable to UK income tax.
 - Any compensation for loss of employment and any other payments connected with termination.
 - Any benefits received that do not fall within the above.

Herefordshire Council pay and grading structure – 1 January 2015
Appendix 1

Grade	National SCP (scp50 & above are local)	Annual Pay Rate £	Hourly Pay Rate £
HC1	5	13,500	7.00
	6	13,614	7.06
	7	13,715	7.11
HC2	7	13,715	7.11
	8	13,871	7.19
	9	14,075	7.30
	10	14,338	7.43
HC3	10	14,338	7.43
	11	15,207	7.88
	12	15,523	8.05
	13	15,941	8.26
HC4	13	15,941	8.26
	14	16,231	8.41
	15	16,572	8.59
	16	16,969	8.80
HC5	17	17,372	9.00
	18	17,714	9.18
	19	18,376	9.52
	20	19,048	9.87
	21	19,742	10.23
HC6	21	19,742	10.23
	22	20,253	10.50
	23	20,849	10.81
	24	21,530	11.16
	25	22,212	11.51
	26	22,937	11.89
HC7	26	22,937	11.89
	27	23,698	12.28
	28	24,472	12.68
	29	25,440	13.19
	30	26,293	13.63
	31	27,123	14.06
HC8	31	27,123	14.06
	32	27,924	14.47
	33	28,746	14.90
	34	29,558	15.32
	35	30,178	15.64
	36	30,978	16.06
HC9	36	30,978	16.06
	37	31,846	16.51
	38	32,778	16.99
	39	33,857	17.55
	40	34,746	18.01
HC10	41	35,662	18.48
	42	36,571	18.96
	43	37,483	19.43
	44	38,405	19.91
	45	39,267	20.35

HC11	46	40,217	20.85
	47	41,140	21.32
	48	42,053	21.80
	49	42,957	22.27
	50	44,124	22.87
HC12	51	45,320	23.49
	52	46,552	24.13
	53	47,820	24.79
	54	49,117	25.46
	55	50,451	26.15
HC13	56	51,824	26.86
	57	53,232	27.59
	58	54,679	28.34
	59	56,165	29.11
HoS2		70,682	36.64
		72,591	37.63
		74,550	38.64
HoS1		76,563	39.69
		78,631	40.76
		80,751	41.86
Director 2		98,000	
Director 1		120,000	

Living Wage employers – As at October 2015

REGION	IMPLEMENTED	FIRMLY COMMITTED
EAST MIDLANDS¹	Amber Valley	
	Ashfield	
	Bassetlaw	
	Bolsover	
	Charnwood	
	Chesterfield	
	Corby	
	Derby City	
	Derbyshire	
	Derbyshire Dales	
	Gedling	
	Leicester City	
	Lincoln City	
	Mansfield	
	Melton	
	Newark & Sherwood	
	North East Derbyshire	
	North Kesteven	
	North West Leicestershire	
	Nottingham City	
	Nottinghamshire	
	Oadby & Wigston	
	West Lindsey	
Total for Region	23	0
EAST OF ENGLAND²	Babergh	
	Bedford	
	Breckland	
	Cambridge City	
	Colchester	
	Dacorum	
	Harlow	
	Ipswich	
	Luton	
	Maldon	
	Norwich	
	North Norfolk	
	Peterborough City	
	St Albans	
	St Edmundsbury	
	Stevenage	
	Suffolk Coastal	
	Suffolk	
	Tendering	
	Three Rivers	
	Thurrock	
	Uttlesford	
	Waveney	
Total for Region	23	0

¹ Hinckley & Bosworth has a pay structure that means that all employees are already paid more than the Living Wage although it has not been specifically adopted

² Great Yarmouth, **Hertsmere**, **South Cambs** and Watford have pay structures that mean that all employees are already paid more than the Living Wage although it has not been specifically adopted

REGION	IMPLEMENTED	FIRMLY COMMITTED
LONDON³	Barking & Dagenham	
	Barnet	
	Brent	
	Camden	
	City of London	
	Croydon	
	Ealing	
	Enfield	
	Greenwich	
	Haringey	
	Harrow	
	Hounslow	
	Islington	
	Kingston	
	Lambeth	
	Lewisham	
	Merton	
	Newham	
	Redbridge	
	Richmond	
	Southwark	
	Sutton	
	Tower Hamlets	
	Waltham Forest	
	Wandsworth	
Total for Region	25	0
NORTH EAST⁴	Durham	South Tyneside
	Hartlepool	Sunderland
	Middlesbrough	
	Redcar & Cleveland	
Total for Region	4	2
NORTHERN IRELAND	Belfast	
	Mid Ulster	
Total for Region	2	0
NORTH WEST	Allerdale	Cheshire East
	Bolton	Warrington
	Blackpool	
	Burnley	
	Carlisle	
	Chorley	
	Copeland	
	Cumbria	
	Hyndburn	
	Knowsley	
	Lancashire	
	Lancaster	
	Liverpool	
	Manchester	
	Oldham	
	Preston	

³ Hackney, Hammersmith & Fulham and Westminster have pay structures that mean that all employees are already paid more than the Living Wage although it has not been specifically adopted

⁴ Darlington's structure means that all employees are paid at or above the Living Wage, but it has not been formally adopted

REGION	IMPLEMENTED	FIRMLY COMMITTED
North West (continued)	Rossendale	
	Salford	
	Stockport	
	Tameside	
	West Lancashire	
	Wirral	
Total for Region	22	2
SOUTH EAST ⁵	Ashford	
	Brighton & Hove	
	Canterbury	
	Cherwell	
	Crawley	
	Dartford	
	Eastleigh	
	Epsom & Ewell	
	Gravesham	
	Hastings	
	Horsham	
	Milton Keynes	
	Oxford City⁶	
	Portsmouth	
	Rother	
	Slough	
	Southampton	
	South Oxfordshire	
	Surrey	
	Tandridge	
Tunbridge Wells		
Vale of White Horse		
Waverley		
West Oxfordshire		
Winchester		
Total for Region	25	0
SOUTH WEST ⁷	Bristol City	Bath & North East Somerset
	Cheltenham	
	Cornwall	
	East Devon	
	Exeter	
	Forest of Dean	
	Gloucestershire	
	Gloucester City	
	Mendip	
	North Dorset	
	Plymouth	
	Sedgemoor	
	South Gloucestershire	
	Stroud	
	Taunton Deane	
Tewkesbury		
Total for Region	16	1

⁵ Basingstoke & Deane, Bracknell Forest, **Elmbridge**, **Guildford**, Havant, **Maidstone**, **Reading**, **Shepway**, **Spelthorne**, **Swale**, **Test Valley**, **Tonbridge & Malling**, **Wealden** and Wokingham have pay structures that mean all employees are paid at or above the Living Wage, although it has not been specifically adopted

⁶ Committed to paying 95% of the London Living Wage

⁷ Isles of Scilly, South Somerset, West Dorset and Weymouth & Portland **20** have pay structures that means all employees are already paid more than the Living Wage although it has not been specifically adopted

REGION	IMPLEMENTED	FIRMLY COMMITTED
WALES	<i>Caerphilly</i>	Anglesey
	Cardiff	Rhondda Cynon Taff
	Monmouthshire	
	Newport	
	Powys	
	Swansea	
Total for Region	6	2
WEST MIDLANDS	<i>Birmingham</i>	
	Bromsgrove	
	Cannock Chase	
	Coventry	
	Malvern Hills	
	<i>Newcastle-Under-Lyme</i>	
	Nuneaton & Bedworth	
	Redditch	
	Rugby	
	Stoke on Trent	
	Stratford	
	Walsall	
	Warwick	
	Wolverhampton	
	Worcester	
	Wychavon	
	Wyre Forest	
Total for Region	17	0
YORKSHIRE & HUMBER	Barnsley	Leeds
	Bradford	
	<i>Calderdale</i>	
	Doncaster	
	Harrogate	
	Kirklees	
	North East Lincs	
	Rotherham	
	Scarborough	
	Sheffield	
	Wakefield	
	<i>York</i>	
Total for Region	12	1
TOTAL	175	8

Those authorities in bold italics are accredited by the Living Wage Foundation
(As at September 2015)

Those in red are not covered by National Joint Council pay bargaining