

Pay Policy Statement 2014

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. Once approved by Council, this policy statement will come into immediate effect and will be subject to an annual review.

Legislative framework

3. Section 38(1) of the Localism Act 2011 requires local authorities to produce an annual pay policy statement.
4. 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).
5. 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

6. All local authorities are reducing services as the government has indicated that it will continue to significantly reduce the funding it provides to local governments across England. Government funding is being cut by over 40% in the worst cases.
7. In addition we have been serving more and more people, particularly in essential areas such as children's safeguarding and adult social care. This means that by 2016/17 we will need to have delivered savings of £33m to stay within our budget. To hit this target this means that we must make savings of £15m in 2014/15. This is on top of £34m savings required in the previous three financial years.
8. We have managed to reduce our costs substantially by working in better ways and being more efficient. We will keep doing this but there is little opportunity left to reduce costs without reducing our services.
9. We have less, so, even after efficiencies, we must do less.

10. Our priority areas are, within the resource available to us, to keep children and young people safe, and give them a great start in life, enable residents to live safe, healthy and independent lives, and invest in projects to improve roads, create jobs and build more homes.
11. To continue to fund those priority services we have to radically reduce, or stop completely, the funding of all other services. Even in our priority areas we have to make reductions to balance our budget.

Pay structure / national frameworks

12. 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.
13. 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. The national pay spine increased by 1% in April 2013. Staff whose employment has transferred into the council from the NHS are on national NHS Terms and Conditions.
14. 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.
15. 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.
16. 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. Any market forces supplement will be payable for a pre-determined fixed period and will be subject to ongoing review.
17. The council does not make use of performance related pay for any of its employees.

Senior management remuneration

18. 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 1 January 2014.
19. An organisation chart at Appendix 2 shows the current reporting structure of chief officers and their direct reports. The structure shows evidence of removing management roles and increasing the spans of control i.e. number of direct reports, which means fewer layers between the head of paid service and junior staff.

Post	Annual salary (excluding on costs)*	Other financial benefits	Total remuneration
Chief executive (<i>Head of paid service</i>)	£145,000	None	£145,000
Director for children's wellbeing services	Actual £108,000 FTE £120,000	None	£108,000
Director for economy, culture and corporate services	£120,000	None	£120,000
<i>Director of public health Recruitment and retention payment</i>	£98,453 £2,522	None	£ 100,975
Chief officer, finance services (<i>Section 151 officer statutory responsibilities currently covered 1 day a week</i>)	(Annual salary of future appointment: £90,000)	None	£90,000
Solicitor to the council (<i>Monitoring officer</i>)	£78,000	None	£78,000
Assistant director - Organisation development	£79,013	£4,000**	£83,013
Assistant director – Education and commissioning	£79,013	None	£79,013
Assistant director – Economic, environment and cultural services	£79,013	None	£79,013
Assistant director – Place based commissioning	£79,013	None	£79,013
Assistant director – Adults wellbeing commissioning	£79,013	None	£79,013
Public health consultant	£84, 667	None	£84,667
Public health consultant	£84, 667	None	£84,667

NB: Italics indicate statutory post holder functions

* Annual salaries quoted are not inclusive of on costs which are typically an additional 30%

**This was a one-off payment for the interim accountability of the Assistant director – Customer services role.

Additions to salary of chief officers

20. The chief executive is the returning officer for Herefordshire. No additional payments are made for fulfilling this duty.
21. The council does not apply any bonuses, pension enhancements (subject to para. 26 below) or performance related pay at this time to its chief officers or to other staff within its workforce. No other pay benefits are paid to chief officers at the time of producing this statement.

Recruitment of chief officers

22. 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>

23. 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, there are three areas where this is applicable. These are children's safeguarding performance improvement, adult

wellbeing transformation and financial stability. In the case of the first two, the contract of services are costing no more than a substantive post at this level including on costs, the latter will cost slightly more as previously agreed with the employment panel. 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.

Interim transformation 2013/2014	Annual budget £000
Adult care transformation	143
Finance transformation	117
Safeguarding and early help	103

These figures should not be confused or interpreted as a salary that an interim person would receive through a contract for service arrangement as the budget covers the cost of the service provided, plus the cost of the agency managing the contract and does not directly relate to the value of the remuneration paid to the individual carrying out the work.

24. 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 services 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.
25. 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

26. 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.
27. 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 (see para 29 below).

Pensions

28. 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 2013:

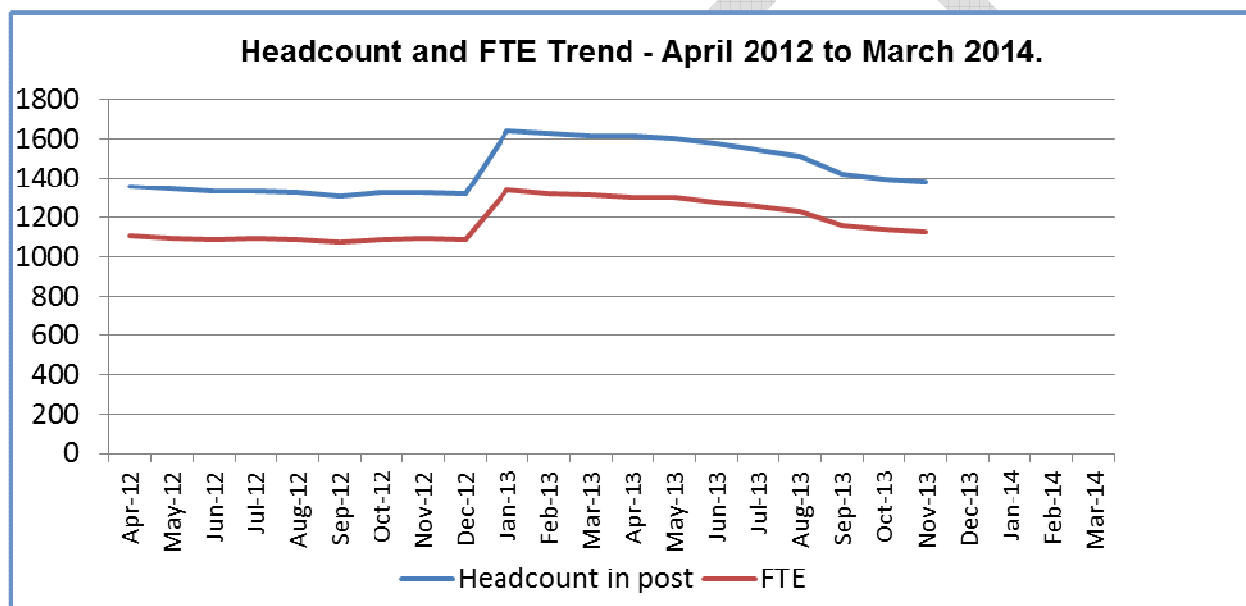
Whole time pay rate	Contribution rate
Up to £13,700.00	5.5%
£13,700.01 to £16,100.00	5.8%
£16,100.01 to £20,800.00	5.9%

Whole time pay rate	Contribution rate
£20,800.01 to £34,700.00	6.5%
£34,700.01 to £46,500.00	6.8%
£46,500.01 to £87,100.00	7.2%
More than £87,100.00	7.5%

29. 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, as of 1 April 2013 is 22.5%.

Broader workforce perspective

30. The overall spend of Herefordshire Council is approximately £330million. Approximately £37.6million 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 1 December 2013 (the most recent data available at time of drafting) there were 1128 full-time equivalent (FTE) posts across the organisation.



NOTE: The increased headcount and FTE figures in January 2013 are due to the inclusion of Herefordshire Council employees who were seconded to Wye Valley Trust to September 2013, and those who continue to be seconded to 2gether. This data was not previously recorded in the council's figures. The headcount and FTE trend continues to fall.

31. As at 1 December 2013, the median basic salary was £22,443 (excluding national insurance and superannuation). The mean average salary (workforce cost inclusive of national insurance and superannuation divided by headcount) is £28,343 which has reduced from £31,900 in March 2012. The median chief officer annual salary is £79,013 (excluding national insurance and superannuation) this is a reduction from £90,000 last year.
32. 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 1 December 2013, this is SCP 8 £13,321 per annum – there are three people paid at this level. The council employs apprentices who are not included within the definition of 'lowest paid employees'.
33. The current pay levels within the council define the multiple between the lowest paid (full time equivalent) employee and the chief executive as 1:11 which remains unchanged from twelve

months ago and; between the lowest paid employee and average chief officer as 1:7. 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 1:4. The multiple between the median salary grade and the chief executive is 1:5.

34. The authority implemented two days unpaid leave through collective bargaining in May 2013 that applies to all roles within the organisation (excluding schools, TUPED 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.

Accountability and decision making

35. 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 (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.
36. 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.
37. 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.

Pay and reward review

38. In the current organisation context, the authority will continue to review pay and reward policies.

Member pay

39. 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

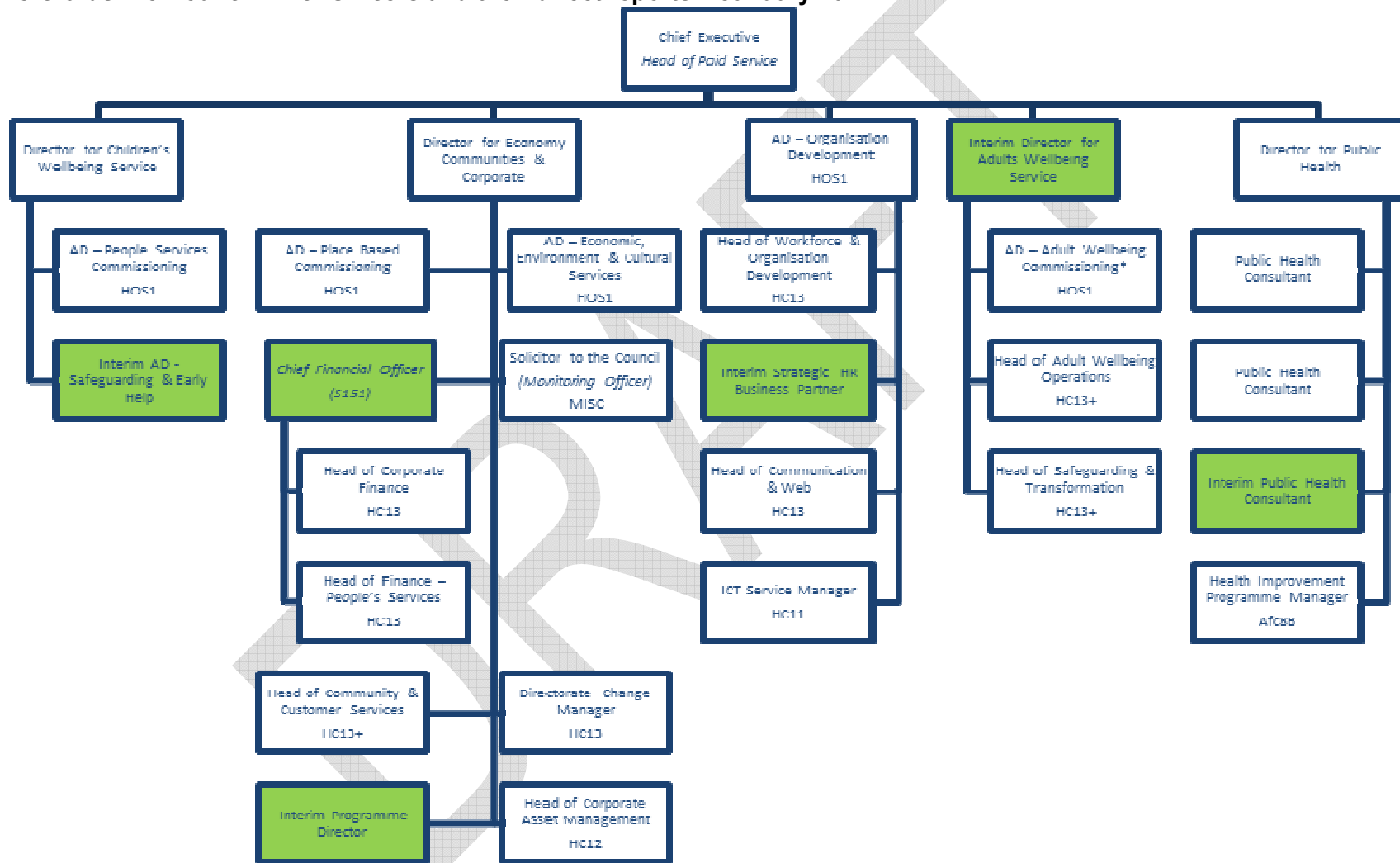
40. After approval by council, this statement will be published on the council's website. In addition, senior employees (directors and staff who report to directors who are employed on head of service pay grades) are included in the council's Annual Statement of Accounts (available at: <https://www.herefordshire.gov.uk/government-citizens-and-rights/democracy/council-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 – April 2013

Grade	National SCP (SCP50 & above are local)	Annual pay rate	Hourly pay rate
HC1	4	£12,266	6.3578
	5	£12,435	6.4454
	6	£12,614	6.5382
	7	£12,915	6.6942
HC2	7	£12,915	6.6942
	8	£13,321	6.9046
	9	£13,725	7.1140
	10	£14,013	7.2633
HC3	10	£14,013	7.2633
	11	£14,880	7.7127
	12	£15,189	7.8728
	13	£15,598	8.0848
HC4	13	£15,598	8.0848
	14	£15,882	8.2320
	15	£16,215	8.4046
	16	£16,604	8.6063
HC5	17	£16,998	8.8105
	18	£17,333	8.9841
	19	£17,980	9.3195
	20	£18,638	9.6605
	21	£19,317	10.0125
HC6	21	£19,317	10.0125
	22	£19,817	10.2717
	23	£20,400	10.5738
	24	£21,067	10.9196
	25	£21,734	11.2653
	26	£22,443	11.6328
HC7	26	£22,443	11.6328
	27	£23,188	12.0189
	28	£23,945	12.4113
	29	£24,892	12.9022
	30	£25,727	13.3350
	31	£26,539	13.7558
HC8	31	£26,539	13.7558
	32	£27,323	14.1622
	33	£28,127	14.5789
	34	£28,922	14.9910
	35	£29,528	15.3051
	36	£30,311	15.7110
HC9	36	£30,311	15.7110
	37	£31,160	16.1510
	38	£32,072	16.6237
	39	£33,128	17.1711
	40	£33,998	17.6220
HC10	41	£34,894	18.0864

Grade	National SCP (SCP50 & above are local)	Annual pay rate	Hourly pay rate
	42	£35,784	18.5478
	43	£36,676	19.0101
	44	£37,578	19.4776
	45	£38,422	19.9151
HC11	46	£39,351	20.3966
	47	£40,254	20.8647
	48	£41,148	21.3281
	49	£42,032	21.7863
	50	£43,174	22.3782
HC12	51	£44,344	22.9846
	52	£45,550	23.6097
	53	£46,791	24.2530
	54	£48,060	24.9107
	55	£49,365	25.5871
HC13	56	£50,708	26.2832
	57	£52,086	26.9975
	58	£53,502	27.7314
	59	£54,956	28.4851
HOS2		£69,160	£35.95
		£71,028	£36.92
		£72,945	£37.91
HOS1		£74,915	£38.94
		£76,938	£39.99
		£79,013	£41.07

Herefordshire Council Chief Officers and their direct reports – January 2014



*Transitioning to these roles effective 1 April 2014
 + Market forces supplement applied to these roles
 Green = interim / contract of service