

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

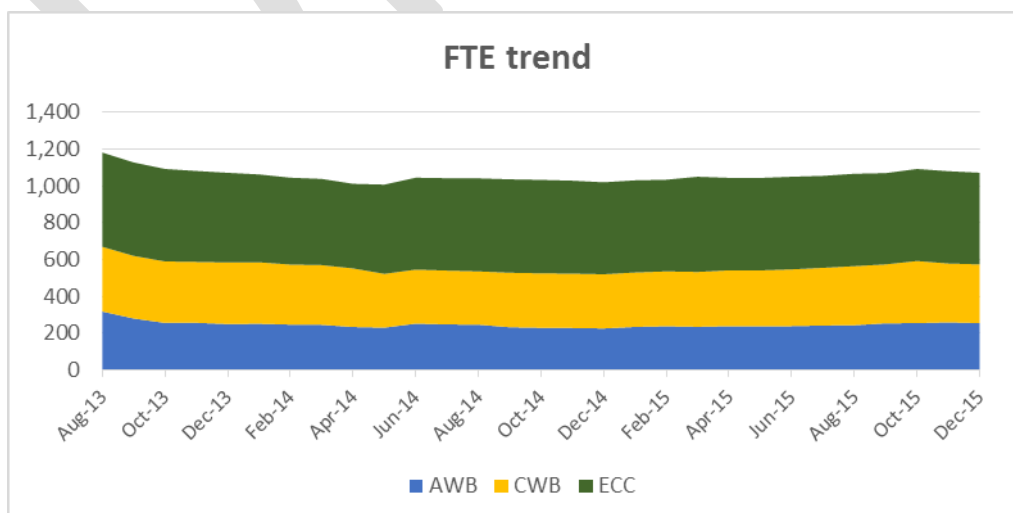
32. Subject to qualifying conditions, employees have a right to join the nationally determined local government pension scheme. The employee contribution rates, which are defined by statute, are as of 1 April 2015:

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	