**PAY POLICY STATEMENT FOR HERTSMERE BOROUGH COUNCIL 2020/21**

This Pay Policy Statement is produced in accordance with Section 40 of Chapter 8 of the Localism Act 2011 and takes account of the Supplementary Guidance published by the Department for Communities and Local Government on 20 February 2013. It will be approved by the full Council at its meeting on 20 May 2020. The Council’s website also includes separately published data on salary information relating to Chief Officers and other senior staff in the Statement of Accounts.

**Please note:**

**Salaries on Appointment** – There has been one new appointment to the most senior post of Managing Director with a salary package over £100,000 in 2019/20 and one new appointment at Executive Director with a salary package over £100,000.in 2020. Both appointments were approved by Full Council

**Severance Payments** - There has been one severance package over £100,000 during 2019/20 following a restructure at Chief Officer level. The details are explained in paragraph 9.

**Introduction and local context:**

* 1. Hertsmere Borough Council is a district council located adjacent to the outer London boroughs of Harrow, Enfield and Barnet, just 13 miles from the centre of London. There is a high incidence of commuting in the borough, which impacts on the local employment market and levels of pay, particularly for jobs that require skills that are in relatively short supply. Like many employers in both the private and public sector, recruitment and retention is a key issue, especially in planning, finance, legal, estates and parking services. This puts pressure on the Council’s budget and the pay strategy and policies need to continue to play an important role in attracting and retaining the best people
	2. Major decisions on pay, such as annual pay awards, are determined for most local authorities in England and Wales by the National Agreement on Pay, arrived at through a system of central collective bargaining between representatives of the Local Government employers and representatives of the relevant trade unions on the National Joint Council. Hertsmere Borough Council came out of the National Agreement on Pay for its staff more than 20 years ago and has conducted local pay negotiations since that time. This also enabled Hertsmere Borough Council to introduce performance related pay progression and there have been no automatic pay increments in the Council for many years now. The pay structure for the majority of staff is underpinned by the Inbucon job evaluation scheme (a private sector scheme which has been adapted for local government). However, the current pay structure and job evaluation for Heads of Service and Chief Officers is based on the Local Government Association(LGA) Senior Managers’ Job Evaluation Scheme adopted in June 2017. The current senior management structure was adopted in January 2020 and now comprises the Managing Director, one Executive Director, two Heads of Service Plus and five Heads of Service.
	3. Decisions on the overall pay strategy and pay policies are taken by the Personnel Committee, subject to the financial implications being agreed by the Executive within the budgetary framework approved by the full Council. The application of agreed pay policies to individual employees below Chief Officer level is the responsibility of the Managing Director as Head of the Paid Service, with specific responsibilities delegated to the Executive Director and other senior officers.
	4. The application of agreed pay policies to the Managing Director, will be determined by the Leader of the Council and the application of agreed pay policies to the Executive Director will be determined by the Managing Director. The application of agreed pay policies to Heads of Service (as Deputy Chief Officers) is also the responsibility of the Managing Director in conjunction with the Executive Director.

1.5 Excluding apprentices, the lowest paid employees in the Council are in jobs that were formerly designated as manual workers. Single Status was implemented in 2007 to harmonise the principal terms and conditions of these employees with other staff.

1.6 In April 2020, there was a local pay award of 2% for all Hertsmere Borough Council employees except for employees who are subject to a formal procedure or sanction. The National Joint Council (NJC) offered 2.75% on 16 April 2020 to local authority employees.

1. **The Remuneration of the Managing Director:**

2.1 The current pay scales for the Managing Director, including the 2% pay award on 1 April 2020 are set out in Table A:

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| **TABLE A** |
| **Managing Director****Pay Scale 2020/21** **incorporating 2% local pay award** |
| Scale Point | Salary |
| 1 | £134,640 |
| 2 | £137,700 |
| 3 | £140,760 |
| 4 | £143,820 |
| 5 | £146,880 |

2.2 Benefits for 2020/21 include an allowance for Health Care Insurance to the annual value of £2,400 and a transport allowance of £5,000. An interest free car loan facility is available and has been utilised by the Managing Director. As the car loan is under £10,000 it is not subject to taxation by the HMRC.

* 1. It is the Council’s policy that the full time equivalent (FTE) salary package for the post of Managing Director, defined as the maximum of the FTE salary range plus the total value of any benefits in kind payable under the contract of employment, will normally be no greater than 6.5 x the average FTE salary of all employees in the workforce. This maximum is currently not being met by the total remuneration for the Managing Director.
	2. Following the departure of the former Chief Executive in September 2019, the Managing Director became the Returning Officer for elections in Hertsmere. Returning Officer’s fees paid to the former Chief Executive in the 2019/20 elections, up to the date of his departure, amounted to £12,509 before tax. Returning Officer’s fees paid to the Managing Director in the 2019/20 elections amounted to £5,898 before tax. The total amount paid out in Returning Officers fees to the former Chief Executive and the Managing Director amounted to £18,406. The Returning Officer post is a separate employment and therefore not factored into the calculation of multiples referred to in paragraph 2.3 above. Hertsmere is not responsible for appointing the Returning Officer at County, Parliamentary or European elections or for national referendums and for that reason, fees for any such appointments are not included in those calculations.

3. **The Remuneration of Executive Director:**

3.1 There is now one other Chief Officer in post: the Executive Director.

3.2 The current pay scale for the Executive Director including the 2% pay award on 1 April 2020 is set out in Table B:

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| **TABLE B** |
| **Executive Director** **Pay Scale 2020/21** **incorporating 2% local pay award** |
| Scale point | Salary |
| 1 | £104,657 |
| 2 | £107,001 |
| 3 | £109,344 |
| 4 | £111,687 |
| 5 | £115,402 |
| 6 | £119,116 |

3.3 Benefits in kind for 2020/21 include Health Care Insurance to the value of £2400 and access to an interest free car loan facility.

3.4 It is the Council’s policy that the FTE salary package for the Executive Director post, defined as the maximum of the FTE salary range plus the total value of any benefits in kind payable under the contract of employment, will normally be no greater than 4.5 x the average FTE salary of all employees in the workforce. The total pay of the Executive Director is less than the maximum multiple of 4.5 times the average FTE salary.

4. **The Remuneration of Heads of Service:**

* 1. There are four Heads of Service Plus currently in post: the Head of Partnerships and Community Engagement; the Head of Finance and Business Services; the Head of Legal and Democratic Services

 and the Head of Street Scene.

* 1. There are three Heads of Service; the Head of HR and Customer Services; the Head of Planning and Economic Development and the Head of Engineering and Asset Management.

4.3 The statutory role of Section 151 Officer is held by the Head of Finance and Business Services. The statutory role of Deputy Electoral Registration Officer and the statutory role of Monitoring Officer are held by the Head of Legal and Democratic Services.

* 1. The current pay structure for the Heads of Service Plus is set out in Table C below and includes the pay award of 2% on 1 April 2020:

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| **TABLE C** |
| **Heads of Service Plus Pay Scale 2020/21 incorporating 2% local pay award** |
| Scale Point | Salary |
| 1 | £82,985 |
| 2 | £85,638 |
| 3 | £88,291 |

4.3 The current pay structure for the Heads of Service is set out in Table D below and includes the pay award of 2% on 1 April 2020:

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| **TABLE D** |
| **Heads of Service Pay Scale 2020/21** |
| Scale Point | Salary |
| 1 | £71,367 |
| 2 | £73,160 |
| 3 | £74,954 |
| 4 | £76,746 |
| 5 | £78,539 |
| 6 | £80,332 |

4.4 Benefits in kind include access to an interest free car loan facility. Three Heads of Service currently have an interest free car loan. None of these loans are currently over £10,000 so are not reportable to the HMRC.

4.5 It is the Council’s policy that the FTE salary package for the established Head of Service posts, defined as the maximum of the FTE salary range plus the total value of any benefits in kind payable under the contract of employment, will normally be no greater than 3 x the average FTE salary of all employees in the workforce. This maximum is currently not being met by any of the post-holders on either the Head of Service Grade or the Head of Service Plus Grade. The multiple for the Head of Service Plus Grade is 3.5 x the average FTE salary of all employees in the workforce and reflects the distinction from the Head of Service Grade.

1. **Remuneration of other staff in the Council**
	1. **Pay and Benefits Policies**

 A range of pay policies govern the remuneration of staff in posts other than those set out in paragraphs 2.1 to 4.5 above. Some of these apply to all such posts. For example, the Grading Review Procedure applies to all such posts. Others apply only to specific posts. For example, the Standby Scheme only applies to posts involving standby duties. For ease of reference, all those policies applying to all staff on Inbucon grades are listed first and those that apply only to specific posts or for which there are specific eligibility criteria are listed separately. These policies are available on the Council’s website.

 **Policies applying to all staff on Inbucon grades:**

* Grading Review Procedure
* Competency Based Pay Progression Policy
* Individual Salary Review Scheme
* Acting up Policy and Procedure

**Policies applying to specific posts on Inbucon grades:**

* Car Loan Policy
* Career Grade Scheme
* Mileage Rates
* Overtime Policy and Procedure
* Standby Scheme
* Subsistence Rates
* Telephone Rental Allowance
	1. **Pay Scales:** The pay scales currently applying to staff in all posts, other than those set out in paragraphs 2.1 to 4.6 above, are set out in Table E below:

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| **TABLE E** |
| **Pay scales 2020/21 incorporating 2% local pay award** |
|  | **MIN****£** | **MKT****£** | **MAX****£** |
| **1** |  |  |  |
| **2** |  |  |  |
| **3** |  |  |  |
| **3** | 53,458  | 60,748  | 70,403  |
| **4** | 47,822  | 54,343  | 62,817  |
| **5** | 41,643  | 47,318  | 54,557  |
| **6** | 36,625  | 41,618  | 47,859  |
| **7** | 32,141  | 36,516  | 41,775  |
| **8** | 28,401  | 32,272  | 36,917  |
| **9** | 24,979  | 28,385  | 32,386  |
| **10** | 22,014  | 25,016  | 28,466  |
| **11** | 19,367  | 22,006  | 24,976  |
| **12** | 17,044  | 19,367  | 21,921  |

5.3 **Job Grades and Evaluation:** The grade assigned to any post is determined with reference to the agreed job description for that post and assessment by a panel of trained evaluators using the Inbucon Job Evaluation Scheme. There is an agreed policy and process for the evaluation and grading of jobs and a Grading Appeals Procedure.

5.4 **Pay Progression:** Since the Council opted out of the National Agreement on Paythere have been no automatic pay increments given on a ‘time served’ basis in the Council. Where an employee has been appointed on a salary below the level considered to be the market rate for the job (MRP) a competency assessment takes place before the third year of service in the role is completed and an adjustment may be made if there is evidence of full competence in the role. This is set out in the Pay Progression Policy. In certain circumstances, an employee may be considered for progression beyond the market related point (MRP) for the job if they are carrying out additional responsibilities and the process for this is set out in the Individual Salary Review Scheme. However, it should be noted that the maximum increase achievable through the Individual Salary Review Scheme is much smaller than the maximum allowable by either job evaluation or the Pay Progression Policy.

5.5 The Pay Progression Policy does include provision for progression above the MRP for professionally qualified Planning Officers and Environmental Health Officers to address current recruitment and retention in these areas.

* 1. The median salary in the range of salaries paid as at 31 December 2019 is £27,824. The mean salary in the Council paid as at 31 December 2019 is £30,932. For the purpose of calculating the multiples referred to in paragraphs 2.3, 3.3, 4.5 above and 7.1 to 7.3 below, the mean salary value is used as the denominator.
1. **Remuneration of the lowest paid employees in the Council**
	1. Excluding apprentices, the lowest paid employees are those employees paid on Grade 12 (see Table E above). In defining the ‘lowest paid employees’, this statement has taken cognisance of the Pay Policy Statements Guidance from the JNC for Local Authority Chief Executives dated 25 November 2011, which recommends using the lowest pay point routinely used by the Council for a competent employee in a substantive role, calculated at full time equivalent. The lowest rate of pay for an employee assessed as being fully competent is the Market Related Point (MRP) of £19,367. This is an hourly rate of £10.35 which compares favourably with the national living wage of £8.72 (1 April 2020).
	2. There is the scope for employees in Grade 12 to earn overtime at premium rates and thus increase their overall earnings. However, this is subject to the need arising and is not conditioned overtime, so is difficult to estimate accurately. Also, the lowest paid employees in Grade 12 tend to be in roles where there is less scope for overtime to be available. Overtime payments have therefore been excluded from the definition.
2. **Relationship between the remuneration of Chief Officers and the remuneration of other employees**
	1. The relationship between the total pay of the highest paid officer in the Council, the Managing Director and the average FTE salary of other employees in the workforce is less than the maximum multiple of 6.5 allowed for by the Council’s policy. The Council is therefore content that having due regard for the disparity of responsibilities and personal accountability between these roles, a multiple of less than 6.5 is both justifiable and equitable.
	2. The relationship between the total pay of Chief Officers and the average FTE salary of all employees in the work force, is less than the maximum multiple of 4.5 allowed for by the Council’s policy. The Council is therefore content that having due regard for the disparity of responsibilities and personal accountability between these roles, this multiple is both justifiable and equitable.
	3. The relationship between the total pay of Heads of Service Plus and Heads of Service and the average FTE salary of all employees in the workforce is less than the maximum multiples of 3.5 and 3 allowed for by the Council’s policy. The Council is therefore content that having due regard for the disparity of responsibilities and personal accountability between these roles, this multiple is both justifiable and equitable.
3. **Severance Payments**
	1. Senior staff in the Council are treated in the same way as all other staff with regard to the calculation of severance payments in situations of redundancy. The policy on the calculation of redundancy payments is that it is based on the number of weeks in the statutory calculator and based on actual pay.
	2. With regard to severances under settlement agreements, which may be for reasons other than redundancy, e.g. voluntary severance or dispute resolution, the Managing Director, as Head of the Paid Service, has delegated authority to conclude such agreements with staff below Head of Service level, following consultation with the Leader of the Council, the Chairman of the Personnel Committee and the Portfolio Holder with responsibility for Human Resources. In agreeing the terms for such cases of severance, consideration is given to ensuring that the Wednesbury Principles are upheld i.e. that the costs are justifiable in light of the circumstances and that the proposed outcome is in the best interests of the authority and represents a proper use of public funds. Where appropriate, the Head of the Paid Service will consult the Council’s Section 151 Officer and External Auditors on individual cases.

8.3 However, this delegation does not extend to cases involving staff at Head of Service level or above, and any such cases are reported to the Personnel Committee for agreement, subject to the Executive agreeing the financial implications.

1. **Severance payment 2019**

9.1 As noted in the preamble to this statement, there has been one severance package over £100,000 during 2019/20. This arose from a decision taken by the full Council in September 2019 to delete the post of Chief Executive and replace it with the post of Managing Director and create the post of Executive Director to replace the post of Corporate Director. The costs of the severance package for the chief officer made redundant were the subject of a vote by the Council in September 2019. The unavoidable contractual costs as per the Council policy and the employee’s contract of employment were £173,877 and associated costs totalling £7,500 were agreed to bring the matter to a conclusion and avoid any risk of greater costs arising from potential litigation.

1. **Gender Pay Gap**
	1. The gender pay gap shows the difference in the average hourly pay between all men and women in a workforce. If a workforce has a particularly high gender pay gap, this can indicate that there may be a number of issues to deal with. The gender pay gap is different to equal pay. Equal pay deals with the pay differences between men and women who carry out the same jobs, similar jobs or work of equal value. It is unlawful to pay people unequally because they are a man or a woman.

10.2 Hertsmere Borough Council’s gender pay gap as reported at the snapshot date of 31 March 2019 is below:

 **Mean and Median Gender Pay Gap of** **Hourly Pay Rate**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **Hourly rate** |  | **Hourly rate** |  | **% Gap** |
| **Mean for male** | £16.45 | **Mean for female** | £16.99 | **Mean gender pay gap** | -3.30% |
| **Median for male** | £13.39 | **Median for female** | £15.10 | **Median gender pay gap** | -12.73% |

* 1. The UK gender pay gap reported by the Office for National Statistics for 2019 is 8.9% in favour of men.  Hertsmere’s mean gender pay gap is 3.30% in favour of women and median pay gap is 12.73% in favour of women.

10.4 The results show that Hertsmere’s gender pay gap is not currently a concern. The full report, with further analysis of the profile of our workforce, is titled Gender Pay Gap Report 2019 and is available on the Hertsmere website.

 [Gender Pay Gap Report 2019](https://www.hertsmere.gov.uk/Documents/11-Your-Council/Official-Publications--Guides--Policies/Gender-Pay-Gap-Report-for-Publishing-2019.docx)