

# North Herts Council - Pay Policy Statement 2023/24

## INTRODUCTION

- 1.1 Local Authorities are required by section 38 of the Localism Act 2011 (the Act) to prepare a pay policy statement and view it alongside the Local Government Transparency Code 2015. This statement outlines our current policy and matters required by the Act and the Transparency Codes relating to the pay of staff, particularly senior staff and the lowest paid employees.
- 1.2 This annual statement covers the financial year 1 April 2023 to 31 March 2024 and is approved by full Council. It will be subject to review annually and in accordance with new or proposed legislation to ensure that it remains relevant and effective.

## BACKGROUND

- 2.1 The pay awards for 2022/23 were agreed in November 2022. The pay awards were as follows:
  - With effect from 1 April 2022, an increase of £1,925 on all spinal points
  - An additional day of paid annual leave
  - Deletion of the bottom spinal point
- 2.2 The pay claim for 2023/24 was submitted by the Unions at the end of January 2023. In general, the claim is seeking a pay increase of 12.7% (based on RPI + 2% as at November 2022). This is alongside other changes to working hours and benefits, including an additional day of holiday and a reduction in the working week by 2 hours.
- 2.3 All the pay amounts in this document are at 2022/23 rates.

## GRADING

- 3.1 Our pay scales contain 16 pay bands which each contain 6 incremental points with the exception of Grade 16 and grade 1, which both contains 5 incremental pay points. Grade 1 is the lowest and Grade 16 is the highest of these pay grades. Posts are allocated to a pay band through an analytical job evaluation process. Incremental progression through the pay points is annual, based on satisfactory performance. The Council does not operate performance related pay or a bonus system. Grades 13 & 15 are not currently used.
- 3.2 The lowest grade is Grade 1. Following the 2022/23 pay increase, and the deletion of spinal point 1.1, the bottom of the Grade 1 pay band is £20,777, the top is £21,653 and the median £21,185.
- 3.3 The Enterprise Act 2016 regulations introduced a Levy for Apprenticeship training set at a rate of 0.5% of an employer's pay bill. The Enterprise Act 2016 also set out that public sector bodies should employ apprentices and may be set targets to increase Apprenticeships and the Levy is now used for the Apprenticeship training.
- 3.4 The Council employs several temporary Apprentices each year. The scheme supports young people and others gain paid meaningful work experience which assists progress to permanent employment. Those employed as Business Administration Apprentices will be paid at the bottom of Grade 1, £20,777.

- 3.5 The Accounts and Audit Regulations 2011 require councils to publish the number of employees who are paid over £50,000. This would apply to all full time managers at grade 12 and some managers at grade 11 (depending on the scale point within the grade). Following the April 2022 pay award, the salary (including car allowance) for grade 11 scale point 3 is £50,501. The Council's 2021/22 draft accounts disclosed 30 employees who earned over £50,000. Due to progression through the pay scales and inflation, the number in 2023/24 will be higher. The exact number will be subject to the April 2023 pay award.
- 3.6 The table below shows the current positions for Chief Officers on Grades 14 to 16. At 2022/23 pay rates, excluding car allowance.

Table 1

| <b>Position</b>                    | <b>Grade</b> | <b>Bottom of Pay Scale £</b> | <b>Top of Pay Scale £</b> |
|------------------------------------|--------------|------------------------------|---------------------------|
| Service Director Commercial        | 14           | 68,465                       | 80,189                    |
| Service Director Customers         | 14           | 68,465                       | 80,189                    |
| Service Director Legal & Community | 14           | 68,465                       | 80,189                    |
| Service Director Place             | 14           | Pro-rata of 68,465           | Pro-rata of 80,189        |
| Service Director Regulatory        | 14           | 68,465                       | 80,189                    |
| Service Director Resources         | 14           | 68,465                       | 80,189                    |
| Managing Director                  | 16           | 115,853                      | 127,265                   |

- 3.7 The values of the pay points within these pay grades are up rated by the pay awards notified by the National Joint Council for Local Government Services. For the Managing Director the up-rate is usually determined via the Joint Negotiating Committee for Chief Executives of Local Authorities and for Service Director grades are usually up-rated by the Joint Negotiating Committee for Chief Officers of Local Authorities, as the JNC conditions of service apply to these posts.
- 3.8 4.4 (aa) of the Council's constitution states that Council will agree any award that exceeds the financial limits set out in this Pay Policy Statement. A salary package includes salary and fees or allowances routinely payable to the appointee and any benefits in kind to which the officer is entitled as a result of their employment. It is proposed that that the limit is retained at £100,000, and therefore will apply to the Managing Director post only, as no other posts are expected to reach this threshold.
- 3.9 The same limit (£100,000) is currently applied to discretionary severance compensation payment award, which includes:
- Salary paid in Lieu of Notice
  - Outstanding Holiday Pay
  - Redundancy/Compensation under the Discretionary Compensation Regulations 2006
  - Pension strain costs to the Employer

This limit could apply to a much greater range of people, due to pension strain costs being dependant on length of service, current and recent salary amounts and time until standard retirement date.

- 3.10 The Statutory guidance on the making and disclosure of Special Severance Payments (SSP) by Local Authorities in England was published in May 2022. This sets out what is considered to be a SSP (generally where there is discretion as to whether it is paid) and the approval process required. In line with paragraph 3.9 above, any payment over £100k (including those which would not actually be a SSP) are approved by Council. The Council will ensure that all SSPs meet the requirements set out in the regulations.
- 3.11 Returning Officer/counting officer fees are paid by the parish, North Herts Council or the Government and are payable to the Returning Officer in respect of Elections and referendums. In setting a scale of fees and charges for local elections (district, town and parish elections) the Council is complying with The Representation of The People Act 1983, (section 36). These fees are approved by Full Council.

#### **4. FUTURE APPOINTMENTS AND INTERIM ARRANGEMENTS**

- 4.1 If the need arises to provide agency or interim cover the policy is to seek to cap the cost of that appointment at no more than that of the permanent appointment taking into account additional employment costs, pension contributions, national insurance, paid leave etc. However, where necessary a higher “market rate” will be paid to secure a suitable individual and market rate will be established by reference to soft market testing, external independent advice and dialogue with peer authorities.
- 4.2 Engaging senior people on a temporary basis as a self-employed worker, a consultant or via an agency occurs in isolated instances only. This form of employment is a last resort when it is in the economic or operational interests of the Council.
- 4.3 The use of severance agreements and “off payroll” arrangements were the subject of Guidance issued for local authorities in March 2015, known as IR35. From 6 April 2017, responsibility for assessing IR35 status and for deducting and accounting for Pay as You Earn (PAYE) and National Insurance Contributions (NIC) became the responsibility of the public sector body engaging them. The Council implemented the processes to ensure that this legislation is adhered to.

#### **5 PAY MULTIPLES**

- 5.1 In the Hutton Report of March 2011, concern was expressed about multiples in the order of 20 or higher between the lowest and the highest paid employees in Local Authorities. The Council is not required to publish details of these pay multiples but has decided to do so in the interests of transparency.
- 5.2 Under the Local Government Transparency Codes 2014 and 2015, the Council must publish the ratio between the highest paid salary and the median salary of the whole of the Authority’s workforce. The highest paid salary including allowances is £131,265. The median salary of the whole of the Local Authority’s workforce is £28,685 and the multiple is 4.58.

| Position/ Grade              | Pay Range<br>(including Car Allowances for Grade 12,14, & 16) | Median in pay range<br>(inc allowances for Grades 12,14 & 16) | Multiple of Grade 1 Median |
|------------------------------|---|---|----------------------------|
| Grade 1                      | £20,453-£21,653   | £21,053   | 1                          |
| Managing Director - Grade 16 | £119,853-£131,265   | £125,559  | 5.96                       |
| Service Directors - Grade 14 | £71,965-£83,689   | £77,827   | 3.70                       |
| Service Managers - Grade 12  | £52,649-£61,061   | £56,855   | 2.70                       |

All at 2022/23 pay rates

The Council is satisfied that the multiples shown above are justifiable and equitable and our rates are set by our Job Evaluation scheme and apply to all the Council's posts.

## 6. CAR ALLOWANCES

6.1 Employees who need to use their cars on a frequent basis for work related travel get a car user allowance of £1,239. For these car users the mileage is paid at of 45p per mile (up to 10,000 miles per year). If passengers are carried and extra 5p can be claimed per mile. The mileage rates are set in line with the HMRC approved mileage rates.

6.2 Senior car allowances are provided to Grades 11 and above as part of the overall reward package to attract and retain staff.

6.3 Senior Car Allowance

Grade 11 -12 £3,000 p.a.

Grade 13 -14 £3,500 p.a.

Grade 15 -16 £4,000 p.a.

Senior Car Allowances are not subject to inflationary increases.

The Senior Car Allowance Mileage Rate is 12.03p per mile and increases in line with any percentage increases in the HMRC Approved Mileage Rate.

## 7. OTHER PAYMENTS

7.1 Section 38 (4) of the Act specifies that in addition to senior salaries, authorities must also make clear what approach they take to the award of other elements of senior remuneration, including bonuses, performance related pay as well as severance payments. The Council does not use either performance related pay or bonuses. Any other payments such as payments for taking on additional responsibility, covering absences or vacancies are calculated using the same formulas regardless of grade, current pay rates are set out in the Employee Handbook.

7.2 Any severance payments should be made in accordance with the Council's Early Severance Policy and prevailing legislative requirements.

## 8. LOCAL GOVERNMENT PENSION SCHEME CONTRIBUTIONS (LGPS)

8.1 The Local Government Pension Scheme is one of the largest public sector pension

schemes in the UK and is a valuable part of the pay and reward package for employees working in local government For North Herts Council, the scheme is administered by Hertfordshire County Council via a contract with the South East fund, the London Pensions Partnership.

- 8.2 The current Employer contribution rate (up to 31<sup>st</sup> March 2023) is 18.6% for all grades. This will increase to 19.5% from 1<sup>st</sup> April 2023 (based on 2022 triennial valuation. The increase to the percentage rate was accompanied by a decrease to the element of the contribution rate that is expressed as a monetary amount (from £1.090million in 22/23 to £0.965million in 23/24).
- 8.3 There has been a significant number of changes to the scheme that have gradually reduced benefits and increased employee contribution rates. This is due to the need to maintain the affordability of the scheme, with people living longer and drawing their pension for longer periods. The last significant change to the scheme was in April 2014. The table below shows the Career Average Revaluated Earnings (CARE) scheme which came into effect from 1 April 2014. The Employee Contribution bands for 2019/20 are set out in the table below.

| <b>LGPS 2014</b>                   |   |
|------------------------------------|---|
| <b>Basis of Pension</b>            | Career average revaluated earnings CARE   |
| <b>Revaluation Rate</b>            | Based on CPI  |
| <b>Accrual Rate</b>                | 1/49 <sup>th</sup>  |
| <b>Pensionable Pay</b>             | Pay including non-contractual overtime and additional hours for part time staff   |
| <b>Employee Contribution Rates</b> | Up to £14,600 5.5%<br>£14,601 - £22,800 5.8%<br>£22,801 - £37,100 6.5%<br>£37,101 - £46,900 6.8%<br>£46,901 - £65,600 8.5%<br>£65,601 - £93,000 9.9%<br>£93,001 - £109,500 10.5%<br>£109,500 - £164,200 11.4% |

- 8.4 The Council allows flexible retirement under its pension discretions. This is where an employee draws their pension and carries on working at a lower grade and/or on reduced hours. It is available to LGPS members who are aged 55 or over, and who, with the Council's consent, permanently significantly reduce their hours and/or reduce their grade. The employee's pension is actuarially reduced if paid before age 65. This policy applies to all grades, but applications would be at the Council's discretion giving due regard to the business implications and succession planning.

## **9. PUBLICATION**

- 9.1 This annual statement applies to the financial year, beginning 1 April 2023 to 31 March 2024. This statement was approved by a meeting of full Council on 23 February 2023. The statement is updated and approved annually by full Council. Where required, Council also delegates authority to update the statement during the year.

9.2 In addition to this statement, the Council is required to publish the details of Chief Officer pay in the annual Statement of Accounts. The draft and final Accounts are published on the Council's website. The Council also makes further pay related disclosures on the Open Data page of the website.