



## CHIEF OFFICER PAY POLICY

APRIL 2015



## **1.0 Introduction**

- 1.1 The Council's success relies on the talent and contribution of its workforce enabling and ensuring it meets its objectives. Our Chief Officer Pay Policy seeks to ensure the Council is able to attract, recruit, retain and engage the right people in order to achieve this.
- 1.2 The Pay Policy pulls together all the elements that make up the Council's reward practices. It provides assurances of our consistency, fairness and transparency and gives clarity to all our stakeholders about how and what our people are rewarded for. It defines the level and elements of remuneration for Chief Officers, and all Senior staff, in accordance with the requirements of section 38(1) of the Localism Act 2011.
- 1.3 The Localism Act 2011 requires the Council to publish its position in relation to specific areas of chief officers pay as follows : - remuneration levels, all other payments, incremental progression, performance related pay, bonus payments, redundancy, severance/ compensation, and retirement payments, and the Council's policy on the re-engagement of chief officers. This Pay Policy statement sets out the Council's position in these areas.
- 1.4 The Council employs 224 officers, which represents a full time equivalent based on a 37 hour week of 196.85.
- 1.5 The gross expenditure for the Council for the financial year 2015/2016 is estimated to be £65,150,000.
- 1.6 Best practice recommends the Council consults a remuneration committee on all proposals relating to pay and reward for Senior Officers thus ensuring openness and accountability. This responsibility is delegated by Full Council to the Chief Officer Pay Panel.
- 1.7 This policy will be reviewed and approved annually by Full Council, and may be accessed via the Council's external web site.

## **2.0 SCOPE OF THE POLICY**

- 2.1 The policy applies to all Chief Officers as defined by the Localism Act 2011.
- 2.2 The definition of Chief Officers (as set out in section (43(2)) of the Localism Act 2011 is not restricted to Heads of Paid Service and Directors. It also includes all other Senior Managers (statutory and non statutory officers) who report directly to them and to their direct reports termed as Deputy Chief Officers. That is the Head of Paid Service (Managing Director), Heads of Service and Section Heads.
- 2.3 The Council's post holders who fall within the definition of Chief Officers are as defined within the Council's Constitution and are shown in the following table:

Head of Paid Service	Managing Director
Shared Director of Finance	Director of Finance, Section 151 Officer (shared with and employed by Three Rivers District Council)
Heads of Service	Head of Democracy and Governance (Monitoring Officer) Head of Community and Customer Services Head of Regeneration and Development Head of Corporate Strategy and Client Services Head of Human Resources (shared with Three Rivers District Council) Head of Finance (shared with and employed by Three Rivers District Council) Head of Revenues and Benefits (shared with and employed by Three Rivers District Council)
Section Heads/Deputy Chief Officers	Section Heads and other managers that report directly to Officers outlined above.

- 2.4 The remuneration of the Managing Director, and Heads of Service was last determined by the Chief Officers' Pay Panel in 2013.
- 2.5 The Council shares a Director of Finance/ Section 151 Officer who is employed by Three Rivers District Council and remunerated in accordance with Three Rivers District Council Chief Officer pay rates for Directors.
- 2.6 The remuneration of the MD and Head of Service posts was subject to an external Pay and Grading review that was conducted by the Local Government Association (LGA), in 2013.
- 2.7 Pay bands are attached as Appendix 1.

### **3.0 TERMS AND CONDITIONS OF SERVICE**

- 3.1 The Council's Chief officers, i.e. the Managing Director, Shared Director of Finance, and Heads of Service (non Shared Services) are engaged on Joint National Council (JNC) national terms and conditions of service.
- 3.2 The Council's Shared Head of Service and Section Heads (i.e. those who report directly to Heads of Service), are engaged on National Joint Council (NJC) national terms and conditions.
- 3.3 It should be noted that different national negotiating machinery applies across the senior management team.

#### **4.0 PRINCIPLES**

- 4.1 The Pay Policy reflects the aspirations of the Council's strategic road map and defines the Council's approach to managing reward that is guided by the following principles
- 4.2 All Council officer jobs are job evaluated using an analytical job evaluation scheme to allocate points to posts and establish relativity between all posts in the organisation.
- 4.3 The Council reviews appropriate external pay market information to ensure remuneration levels are consistent with Local Government, provide value for money for the taxpayer, and support the Council to remain competitive as an employer in areas of skills shortage.
- 4.4 If appropriate, market factors are applied to hard to fill posts. Where applied these supplements are reviewed annually in accordance with the market factor policy.
- 4.5 The MD receives a spot salary the level of which was reviewed in 2013.
- 4.6 Cost of living inflation increases for Chief Officer pay scales are awarded in accordance with the Joint National Council for Chief Executives and Chief Officers (JNC). Chief Officers are remunerated according to the pay scale applicable to their job, within a four grade pay model. Each grade has four incremental spinal column points, (see appendix 1). Progression within each grade is time based, subject to satisfactory performance and where appropriate awarded annually to the top of the grade, effective from 1 April.  
  
The independent review conducted by the LGA in 2013 ensured that the pay scales of Chief Officers are comparable to rates of pay for similar jobs in similar sized local authorities in the outer London and Home Counties area.
- 4.7 Deputy Chief Officers, i.e. Section Heads are remunerated within the top three grades of an eleven grade pay model. Each grade has five incremental spinal column points, (see appendix 2).
- 4.8 The remuneration of a Chief Officer or Deputy Chief Officer on appointment will be at a point on the relevant pay scale for the job appropriate to their experience and salary level in the previous job.
- 4.9 It is not the policy of the Council to award bonuses to its Chief Officers.
- 4.10 The Council is committed to the principle of fairness; is clear about what people are being paid for, and is consistent, systematic and transparent when applying reward practices. Pay models have been developed based upon appropriate pay market information and ensure that the ratio of pay levels between the highest paid officer and the median/ mean average/ low paid earnings in the Council remains consistent and is not distorted as a result of pay awards.
- 4.11 The Council's lowest paid employees are those post holders whose jobs are graded in the lowest pay band, which is Band 3 in an 11 band pay model. Jobs are evaluated using the Local Government Job Evaluation scheme.

- 4.12 On resignation, the Chief Officer's last entitlement to pay will be the last day of service, taking into account notice period and any period of pay in lieu of notice.

Redundancy or early termination in the interests of the service and Pension Benefits of Chief Officers will be made in accordance with the Council's Redundancy and Early retirement and early termination compensation policies.

## **5.0 EQUALITIES**

- 5.1 The Council is committed to equality of opportunity. All members of staff will be treated fairly based on ability, performance and contribution irrespective of their employment or contractual status and personal circumstances, i.e. part time, fixed term. The Council monitors equalities data and this policy shall be applied fairly, consistently and equitably for all employees irrespective of race, gender, disability, age, offending past, caring or dependency status, religion or belief, sexual orientation, marital or civil partnership status, pregnancy or maternity or gender identity and it is incumbent on those managing this policy to ensure that this is the case.

## **6.0 GRADING**

### **6.1 Chief Officers – MD, Director and Heads of Service**

- 6.1.2 Job Evaluation – posts were job evaluated by the LGA Senior Manager Job Evaluation Scheme. The salaries awarded reflect a compact management structure that is flatter due to the deletion of Director posts. Salaries for shared head of service reflect the complexity of providing shared services across multiple Councils. Salaries reflect the full range of duties within the role including any requirement for out of hours working.

### **6.2 Deputy Chief Officers - Section Heads**

- 6.2.1 Job evaluation – All posts are job evaluated using the Local Government Job Evaluation Scheme (LGJES). The scheme is used to evaluate all non Chief Officer posts in the Council, ensuring relativity between all Council posts covered by NJC terms and conditions. The job evaluation policy should be consulted for further information.
- 6.2.2 Pay model - The pay model is presented in appendix 2
- 6.2.3 Labour market information – (E-paycheck/Croner) Reward Job Evaluation system and the Market Pay analysis for Public Services provide the sources of comparative pay information for all officer posts in hard to fill and areas of skills shortages within the Council. A market supplement currently applies to the following Deputy Chief Officer role and is reviewed annually in accordance with the Market Factor policy –

Regeneration & Property Section Head

### 6.3 All other posts in the Council

6.3.1 All other officer posts are job evaluated using the Local Government Job Evaluation Scheme (LGJES), and graded within one of the pay bands in the 11 grade pay model in appendix 2. No Council post is graded below Band 3, and minimum pay is £16,572 plus £824 London weighting allowance, (see 8.1 below). Where appropriate posts attract a market supplement and the market forces payments policy should be consulted for further information.

6.3.2 Market factor supplements currently apply to the following non Deputy Chief Officer posts in the Council

Senior Solicitor  
Principal Management Surveyor  
Property Manager  
Community Safety Manager

## 7.0 INCREMENTS

7.1 Posts receive annual time based increments effective on 1 April until remuneration reaches the top of the grade.

7.2 On appointment, all posts will normally be remunerated at the lowest incremental spinal column point within the grade, (unless 4.8 applies above).

7.3.1 The Council applies the annual cost of living percentage increment as negotiated nationally by the NJC to the values of incremental spinal column points for Deputy and non Chief Officers as appropriate. A 2.2% pay increase was awarded effective from 1 January 2015.

7.4 The Council applies the annual cost of living percentage increase as negotiated nationally by the JNC to the values of the incremental spinal column points for Chief Officers as appropriate. A 2% pay increase was awarded effective 1 January 2015 (with the exception of the Head of Paid Service who did not receive a nationally negotiated pay increase).

## 8.0 ADDITIONAL PAYMENTS

8.1 London Weighting (LW) – is the inner fringe London Weighting Allowance and is negotiated as part of the national framework. LW is an additional payment that is made to all officers in the Council, and the rate is negotiated nationally by NJC.

8.2 Chief Officers' Travel Allowance (TA) - £300 per annum is a local allowance paid to all Chief Officers and Heads of Service (but not the Head of Paid Service). The TA payment is intended as compensation for travel around the Borough of Watford and Three Rivers District for which business mileage may not be claimed.

8.3 The Head of Paid Service receives additional payment for duties as Clerk to the West Herts. Crematorium, and fees for Returning Officer duties during elections as and when appropriate.

## 9.0 PERFORMANCE RELATED PAYMENTS AND BONUSES

9.1 The Council does not operate a performance related payments scheme.

## 10.0 LOCAL GOVERNMENT PENSION SCHEME (LGPS)

10.1 All officers are eligible to join and contribute to the Local Government Pension Scheme. Officer contribution rates are a percentage of their earnings. Levels of contribution are stated by the scheme, and are based on the whole time equivalent value of all contractual pay excluding any travel allowance payments. The employer's contribution to the scheme is 19%.

10.2 The table below provides the proposed Member contribution table for 2014.

Pay Bands	Contribution Rates
Up to £13,500	5.5%
£13,501 - £21,000	5.8%
£21,001 - £34,000	6.5%
£34,001 - £43,000	6.8%
£43,001 - £60,000	8.5%
£60,001 - £85,000	9.9%
£85,001 - £100,000	10.5%
£100,001 - £150,000	11.4%
Over £150,000	12.5%

10.2 The normal retirement age for the LGPS is State Pension Age, or age 65 (whichever is the higher).

10.3 With the exception of early retirement for the reason of permanent ill health (to which no age restrictions apply), the earliest age an officer can retire and receive pension benefits is 55.

10.4 Early retirement may be granted in the following circumstances:

- Early termination of employment for the reason of redundancy
- On ill health grounds
- On compassionate grounds
- Efficiency of the service
- Request to go

10.5 The Council's Redundancy, early retirement and early termination compensation, pension discretions should be consulted as appropriate for further information.

## 11.0 REDUNDANCY

11.1 In the event of redundancy, i.e. where a post to be vacated would not be replaced, the Council pays a redundancy payment by applying a 2.2 multiplier to each week's redundancy pay, thus providing up to a maximum of 66 weeks' pay based on contractual pay.

11.2 Officers aged 55 and above will retire in this circumstance and have access to their accrued pension benefit.

11.2 The Council does not augment additional pension membership; however the Officer may elect to purchase additional LGPS pension membership with the redundancy multiplier payment. Full details are specified in the Council's redundancy policy and this should be accessed for full details.

## **12.0 EARLY RETIREMENT FOR THE REASON OF ILL HEALTH**

12.1 To qualify an officer must be confirmed by the Council's Medical Adviser as being permanently unable of discharging the duties of their employment because of ill health or infirmity and have a reduced likelihood of obtaining gainful employment before reaching age 65.

## **13.0 EARLY RETIREMENT ON COMPASSIONATE GROUNDS**

13.1 To qualify an officer would have to have a compelling hardship or difficulty that would most usually be due to caring responsibilities.

## **14.0 SEVERANCE – EARLY TERMINATION OF EMPLOYMENT IN THE INTEREST OF EFFICIENCY TO THE SERVICE.**

14.1 There may be situations that are initiated by management to facilitate organisational change where a post to be vacated would be replaced. The Early Retirement and Early Termination Compensation policy applies and should be consulted.

14.2 Where appropriate, the Council will make a discretionary severance/compensation payment by applying a 2.2 multiplier to each week's severance pay, thus providing up to a maximum of 66 weeks' pay based on contractual pay.

14.3 Officers aged 55 and above will retire in this circumstance and have access to their accrued pension benefit.

14.4 The Council does not augment additional pension membership; however the Officer may elect to purchase additional LGPS pension membership with the discretionary payment. Full details are specified in the Council's redundancy policy and this should be accessed for full details.

## **15.0 EARLY PAYMENT OF PENSION BENEFITS ON REQUEST TO LEAVE**

15.1 Criteria - Initiated by the employee who must be aged 55 or above. Employee submits a written request to the Head of Service stating grounds and case for consideration and first approval. The Head of Service and Head of Human Resources will then submit a report for approval by the Managing Director.

The rationale for agreement will include Improvement in organisational efficiency e.g. needs of job, new skills required, need to work in different ways, improved productivity.



An assessment of the strain on the pension fund in relation to the benefit obtained by the Council will be conducted. The strain cost would normally need to be recovered within 2 years of the retirement.

The post will be replaced

### 15.3 Benefits

#### *Under 55*

- Not available

#### *Over 55*

- Actuarially reduced accrued pension benefits
- No added years are awarded by the Council

The Early Retirement and Early Termination Compensation policy applies and should be consulted.

## **16.0 FLEXIBLE RETIREMENT**

16.1 This is subject to agreement by the Council, providing an option for an officer to continue in employment post Local Government Pension Scheme retirement age and to take some or all of their Local Government Pension that is due to them whilst continuing to work on reduced hours or reduced pay. The benefit for the Council is the ability to retain skills, knowledge and experience.

16.2 An abatement of pension will apply if the pay for the new post plus the LGPS pension they receive exceeds the value of the salary for the post from which they retired. London Pension Fund Association (LPFA) should be consulted for advice.

The Early Retirement and Early Termination Compensation policy and flexible retirement policy applies and should be consulted.

## **17.0 RE-EMPLOYMENT POST SEVERANCE OR REDUNDANCY**

17.1 The re-employment of officers who were granted early retirement, are receiving their Local Government pension, or have received a severance/compensation payment, or a redundancy payment is discouraged. The following criteria should be considered. Refer to the Council's policy for early retirement/ early termination compensation for further information.

- What is the nature of the work to be undertaken?
- How similar is the work to that formally undertaken by the individual?
- Is it work that the individual could have been redeployed to?
- The work should be a specific project or task where the skills/ knowledge set required is unique to that individual

- The work should be such that it could not be undertaken by anyone else currently employed in the Council

## **18.0 OFFICERS WHO HAVE RETIRED AND ARE IN RECEIPT OF PENSION**

- 18.1 If an officer is in receipt of their Local Government Pension and returns to work for the Council an abatement of their pension will apply if the pay for the new post plus the LGPS pension they receive exceeds the value of the salary for the post from which they retired. LPFA should be consulted for advice.
- 18.2 Flexible retirement subject to agreement by the Council provides an option for an officer to continue in employment post retirement age and to take some or all their pension working on reduced hours or reduced pay. The flexible retirement policy should be accessed for full information.

## **19.0 PAY RELATIVITY AND LOWER PAID STAFF**

- 19.1 The Council is committed to the principle of fairness when setting pay levels for all officers. All jobs are job evaluated meaning each has an analytical score providing its relative value in the organisation and each job is linked to a defined pay model.
- 19.2 The Council defines its lowest paid staff as those whose posts are graded on the lowest grade in the pay model. Pay rates are based on whole time equivalent salaries.
- 19.2 The mean average earnings in the Council are £29,103, giving a ratio with the highest paid officer of 1:4.6. The median earnings in the Council are £29,558, giving a ratio with the highest paid officer of 1:4.5, and the lowest earnings in the Council are £16,572 giving a ratio with the highest paid officer of 1:8.1.
- 19.3 The lowest pay band on the pay model (Band 1) is not in use by Watford Borough Council whose lowest remunerated post is within band 3 paying £8.73 per hour including LW. This is above the living wage for London and the South East and the ratio with National Minimum Wage is 1:1.4.
- 19.4 Cost of living pay increases in the Council are awarded consistently in line with those negotiated nationally by NJC and JNC.

**Appendix 1: Chief Officer Pay Scale**

<b>New Band (incorporating a 2.2% pay uplift)</b>	<b>Spinal Column Point</b>	<b>New Basic Salary</b>	<b>New Salary plus travel and fringe</b>
<b>Shared Services Heads</b>	1	63,998	65,122
	2	65,392	66,516
	3	66,790	67,914
	4	68,182	69,306
<b>Non Shared Services Heads (incorporating a 2.0% pay uplift)</b>	1	66,963	68,087
	2	68,048	69,172
	3	69,511	70,635
	4	71,084	72,208
<b>Non Shared Services Heads + (incorporating a 2.0% pay uplift)</b>	1	69,440	70,564
	2	70,167	71,291
	3	72,224	73,348
	4	73,613	74,737
<b>Director of Finance (incorporating a 2.0% pay uplift)</b>	1	76,101	-
	2	78,791	
	3	81,351	
	4	83,976	
	5	86,847	
	6	89,767	
<b>Managing Director (no award)</b>	N/A	136,456	-

**Appendix 2 Non-Chief Officer Pay Scale****WBC Salary Bands**

<b>Band</b>	<b>SCP</b>	<b>£ per annum (excluding LW)</b>
<b>Band 1</b>	5	13,500
	6	13,614
	7	13,715
	8	13,871
	9	14,075
<b>Band 2</b>	10	14,338
	11	15,207
	12	15,523
	13	15,941
	14	16,231
<b>Band 3</b>	15	16,572
	16	16,969
	17	17,372
	18	17,714
	19	18,376
<b>Band 4</b>	20	19,048
	21	19,742
	22	20,253
	23	20,849
	24	21,530
<b>Band 5</b>	25	22,212
	26	22,937
	27	23,698
	28	24,472
	29	25,440
<b>Band 6</b>	30	26,293
	31	27,123
	32	27,924
	33	28,746
	34	29,558
<b>Band 7</b>	35	30,178
	36	30,978
	37	31,846
	38	32,778
	39	33,857
<b>Band 8</b>	40	34,746
	41	35,662
	42	36,571
	43	37,483
	44	38,405

<b>Band 9</b>	45	39,267
	46	40,217
	47	41,140
	48	42,053
	49	42,957
<b>Band 10</b>	50	43,880
	51	44,804
	52	45,730
	53	46,663
	54	47,605
<b>Band 11</b>	55	48,543
	56	49,526
	57	50,480
	58	51,422
	59	52,383

**London Fringe Weighting: £824 per annum**