

## **EPHING FOREST DISTRICT COUNCIL**

### **PAY POLICY STATEMENT 2014/15**

#### **Introduction**

Epping Forest District Council is located adjacent to three outer London boroughs and on the Central Line into the City of London. Also residents have easy access to major motorway routes as both the M11 and M25 run through the district. There is a high incidence of commuting from the district which impacts on the local labour market and levels of pay, particularly for jobs that require skills that are in relatively short supply. Whilst the current recession has eased some long standing recruitment difficulties and improved retention rates in key skill areas, the situation is not static and is capable of changing very rapidly.

This Statement reflects the Council's current policies and strategies which will be amended over time to deal with changing circumstances. These documents play an important role in attracting and retaining the best people to the Council.

All decisions on pay and reward for Chief Officers will comply with the Council's current Pay Policy Statement. Salaries for Chief Officers will be considered by Full Council.

#### **Hutton Review 2011**

The Hutton Review looked at the rise in executive pay in the private and public sectors. It suggested that the 'public overestimates how much public sector executives are paid' and that 'chief executive officers of companies with a turnover of between £101 million and £300 million earn more than twice their public sector counterparts'. It also suggested that pay multiples (between the highest and lowest paid employees) were much wider in the private than public sector.

The Review proposed that public bodies should publish information on senior managers pay and pay multiples between the highest and lowest paid employees and to that end some of these recommendations have been taken forward by the Localism Act 2011.

#### **Legislation**

Section 38 (1) of the Localism Act 2011 requires English and Welsh Councils to produce a Pay Policy Statement for 2012/2013 and for each financial year thereafter.

The Council's Pay Policy Statement;

- Must be approved formally by the Council;
- Must be approved each year;
- May be amended during the course of the financial year; and
- Must be published on the Council's website.

The Pay Policy Statement must include;

- The level and elements of remuneration for each of the Chief Officers;

- The remuneration of its lowest paid employees (together with its definition of 'lowest paid employees' and the Council's reasons for adopting that definition);
- The relationship between the remuneration of its Chief Officers and other Officers; and
- Other aspects of Chief Officers' remuneration; remuneration on recruitment, increases and additions to remuneration, use of performance-related pay and bonuses, termination payments and transparency.

Remuneration is defined widely, to include not just pay but also charges, fees, allowances, benefits in kind, increases/enhancements of pension entitlements and termination payments.

All salaries and calculations are based on full time equivalent (fte) figures and where applicable includes Inner Fringe Allowance.

### **Publication of the Pay Policy Statement**

The Policy has been made available on the Council's website and contains hyperlinks to associated documents.

### **Effect of this Policy Statement**

Nothing in this Policy Statement enables unilateral changes to employee's terms and conditions. Changes to terms and conditions of employment must follow consultation and negotiation with individuals and recognised trade unions as set out in other agreements and in line with legislation.

### **Single Status Agreement**

In 1997, the National Joint Council (NJC) for Local Government Services (a body that brings together public sector employers and trade unions) came to an agreement to introduce a new pay and grading structure covering all employees whose terms and conditions are governed by the 'Green Book'. In 2004 the NJC set a timetable that required all pay and grading reviews to be completed by 31 March 2007. Epping Forest District Council met this timetable and implemented Single Status in July 2003.

As a result of this process a new salary structure and a Job Evaluation Maintenance Procedure were agreed between the trade unions and the Council. Collective Agreements, which set out a number of terms and conditions and pay arrangements, were also agreed with the trade unions. The Agreements are applied consistently to all employees.

### **Pay Awards**

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 mechanisms between representatives of Local Government Employers and representatives of the relevant trades unions on the National Joint Council. It is the Council's policy to implement national agreements.

## **Overtime and Evening Meeting Allowances**

Payments for working outside normal working hours are set out in the Council's Collective Agreements.

## **Annual Leave**

The Council's Annual Leave Policy sets out leave entitlements for employees.

## **Flexi-Time Scheme**

The Council's Scheme applies to all employees with some exemptions due to service delivery needs. The arrangements are set out in the Council's guidance.

## **Subsistence Policy**

Subsistence Allowances are paid in accordance with the Council's Subsistence Policy. The policy sets out when employees are able to claim, what to claim and how.

## **Car and Cycle Allowance Policy**

The Council pays Essential and Casual Car User allowances in appropriate circumstances which are in accordance with 'Green Book' rates. The Car and Cycle Allowance Policy sets out when employees are able to claim, what to claim and how.

The general principles of both policies are to ensure that employees only claim for additional expenses when undertaking work for the Council.

These policies are applied consistently to all employees.

## **Car Leasing**

Cabinet, at its meeting on 3 December 2012 agreed the following changes to the Council's Car Lease Scheme, following a lengthy review and robust consultation process;

- Employees on the current scheme will be allowed one further lease of 3 years, after which the scheme will close
- The Council will make its contribution based on a maximum of £4,000 per annum including insurance with all costs over the maximum to be met in full by the employee
- The Council's contributions are capped as follows:
  - Year 1 – 70%
  - Year 2 - 60%
  - Year 3 – 50%
- These reducing contribution rates are the upper limits. Employees who currently qualify for the lower rates of Council contribution will retain their current rate and will be unaffected until the cap falls below their current rate.

**Currently there are 31 employees on the Scheme; 2 Chief Officers; 6 Assistant Directors and 23 employees.**

As a comparison at 2013/14 there were 43 employees on the Scheme; 4 Chief Officers; 7 Assistant Directors and 32 employees on the Scheme. At 2012/13 there were 60 employees on the Scheme; 4 Chief Officers; 13 Assistant Directors and 43 employees.

The Cabinet also agreed to implement a Green Car Salary Sacrifice Scheme for all eligible staff to access with no Council contribution towards the cost of an employee's lease payments. Currently there are 7 employees on this Scheme.

### **Professional Fees and Subscriptions**

The Council will meet the cost of a legal practising certificate for all those employees where it is a requirement of their employment, in addition the professional fees for the statutory roles of the s151 Officer and Deputy s151 Officer. No other professional fee or subscription is paid. The Council does not differentiate between Chief Officers and other staff.

### **Pensions and Termination Payments**

On ceasing to be employed by the Council, individuals will only receive compensation:

- in circumstances that are relevant (e.g. redundancy), and
- that is in accordance with our published Pension Policy on how we exercise the various employer discretions provided by the Local Government Pension Scheme (LGPS), and/or
- that complies with the specific term(s) of a compromise agreement.

All employees with contracts of 3 months or more are automatically enrolled into the Local Government Pension Scheme (LGPS), which is administered by Essex County Council. Details of the contribution rates are set out below. **In addition, the Council will automatically enrol employees into the LGPS if they meet the relevant criteria in accordance with the automatic enrolment provisions.**

The Council has the option to adopt a number of statutory discretions under the;

- The Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006.
- The Local Government Pension Scheme (Administration) Regulations 2008.
- The Local Government (Discretionary Payments) Regulations 1996 (as amended).

In general the Council has chosen not to exercise a range of discretions relating to the LGPS due to additional costs. The Council's Pension Policy contains information regarding all its discretions and includes information regarding Flexible Retirement arrangements.

Payments on grounds of Redundancy are covered by the Council's Redundancy and Efficiency Payments Policy.

All employees are treated in the same way with regard to the calculation of severance payments in situations of redundancy.

### **Pension Contributions**

Proposed employee contribution rates will apply wef 1 April 2014;

<b>Salary</b>	<b>Contribution</b>
<b>Up to £13,500</b>	5.5%
<b>£13,501 to £21,000</b>	5.8%
<b>£21,001 to £34,000</b>	<b>6.5%</b>
<b>£34,001 to £43,000</b>	<b>6.8%</b>
<b>£43,001 to £60,000</b>	<b>8.5%</b>
<b>£60,001 to £85,000</b>	<b>9.9%</b>
<b>£85,001 to £100,000</b>	<b>10.5%</b>
<b>£100,001 to £150,000</b>	<b>11.4%</b>
<b>£150,001 and above</b>	<b>12.5%</b>

### **Election Fees**

Council employees engaged by the Returning Officer for election duties received payments under the relevant schedule of fees (i.e. polling and counting duties).

### **Remuneration of Employees, Grades 1-12**

#### **Pay Scale**

For employees subject to the 'National Agreement on Pay and Conditions of Service of the National Joint Council (NJC) for Local Government Services' (commonly known as the 'Green Book'), the Council uses a pay spine that commences at national Spinal Column Point (SCP) 5 and ends at local SCP 58. This pay spine is divided into 12 pay grades; **grade 1 contains 1 scale point**, grades 1 – 10 contain five incremental points and grades 11 and 12 contain 4 incremental points. Grade 1 is the lowest and grade 12 is the highest of these pay grades. Posts are allocated to a pay band through a process of job evaluation.

The Council uses the NJC Job Evaluation Scheme to evaluate all posts on grades 1 – 12. This also includes Craft Workers who are subject to the Joint Negotiating Committee (JNC) for Local Authority Craft and Associated Employees National Agreement on Pay and Conditions (commonly known as the 'Red Book').

The Council does not operate overlapping pay grades therefore, the minimum point of a pay grade is not lower than the maximum point of the preceding pay grade.

Individuals will normally receive an annual increment, subject to the top of their grade not being exceeded. For grades 1 – 10 the 5<sup>th</sup> point each grade will only be awarded if the employee has at least 5 years continuous service with the Council.

An Inner Fringe Allowance of **£806** per annum is paid to employees (this does not apply to Apprentices).

### **Assistant Directors**

Assistant Directors are paid on grades 11 or 12 and are also subject to the NJC Job Evaluation Scheme. The salary ranges for these grades wef 1 April 2014 will be;

Grade	Scale Column Points	Salary Range
Grade 11	SCP 51 – 54	<b>£46,373 - £49,951</b>
Grade 12	SCP 55 - 58	<b>£51,959 - £55,993</b>

The salary shown is inclusive of the Inner Fringe Allowance of £806 per annum.

**The salaries for Assistant Directors will be increased by 5% with effect from 1 April 2014. The increase reflects the additional workloads and reduction in the numbers of Directors and Assistant Directors as a result of the Directorate Restructure. The increase was agreed by Council on 17 December 2013.**

**A Salary benchmark exercise was carried out by an external adviser which informed the level of salary to be paid to Assistant Directors.**

### **Definition of Lowest Paid Employees**

For the purpose of this Policy Statement, employees on grade 1 are defined as our lowest-paid employees. **This is because no employee of the Council is paid lower than SCP 5 which is contained in grade 1. With effect from 1 October 2013 grade 1 contains only 1 SCP; SCP 5.** At 31 March 2014, the fte annual value of this SCP will be **£13,241** which includes an Inner Fringe Allowance of **£806** per annum.

**The exceptions to the lowest grade are Apprentices who are paid £120.00 per week.**

### **General**

The values of the SCPs in grades 1 – 12 are increased by pay awards notified from time to time by the National Joint Council for Local Government Services. **Pay has been frozen for the past three years, however, a national pay award was implemented to these grades effective from 1 April 2013 of 1%.**

An Inner Fringe Allowance of **£806** per annum is paid to employees (this does not apply to Apprentices).

Annual salaries are paid pro-rata to part-time employees based on the hours contracted to work.

## **Remuneration of Chief Officers**

**Following the Head of Paid Service Report to Council on 17 December 2013 a new Council structure will be implemented from 1 April 2014. Chief Officer salaries were increased by 15% to reflect the reduction in the number of Directors and the increased workloads of the remaining Director posts.**

**A Salary benchmark exercise was carried out by an external adviser which informed the level of salary to be paid to Directors.**

The Council will not agree any pay arrangement which does not reflect the correct employment and/or tax/NI status of a Chief Officer or employee.

It will be the responsibility of Council to agree the initial salaries for Chief Officers following external advice/evaluation/benchmarking.

### **Chief Executive**

The Chief Executive role was recruited to on a permanent and full-time basis in 2012. During the recruitment process the Council took external advice to set the appropriate salary for the role which took account of current economic circumstances and the recruitment market.

As at 31 March 2014 the salary for the Chief Executive role will be a spot salary of £112,000 per annum which includes the Inner Fringe Allowance of £806 per annum and evening meeting allowances. The postholder is entitled to claim essential car allowance in accordance with the Council's policy. The salary and pay arrangements for the Chief Executive were agreed at Full Council on 18 June 2012.

The Chief Executive is also the Council's Head of Paid Service and from 16 June 2014 the Chief Executive will take on the responsibility of the Returning Officer.

The Returning Officer role attracts payment of fees and expenses, depending on the elections held in any year. The amount for such payments varies according to the particular elections held from year to year. These fees are taxable and subject to National Insurance and pension deductions.

**In 2013/14 the Returning Officer (Assistant to the Chief Executive) officiated as Deputy County Returning Officer in respect of the County Council Elections and as Returning Officer for a District Council by-election, the fees for which are set by the County and the Council respectively. The fees are based on electorate figures for the County Divisions and the District Ward where elections were held.**

**For these duties the following fees were paid to the Returning Officer:**

#### **County elections - May 2013**

**Fee: £4410 (gross) Expenses: No claim**

#### **District Council by-election - May 2013**

**Fee: £438.45 (gross) Expenses: No claim**

**The amount for such payments varies according to the particular elections held from year to year. These fees are taxable and subject to National Insurance and pension deductions.**

**Only a proportion of the fees were retained by the Returning Officer. The remainder were paid to employees who provide specific support in the organisation of elections which are outside the scope of the ordinary scale of election fees.**

#### **Deputy Chief Executive**

**From 1 April 2014 this role will no longer exist in the Council's structure, it will become a designation and will be additional to a Director role. The postholder will not receive an additional payment for these duties.**

#### **Directors**

All Directors report to the Chief Executive. As at 1 April 2014, the annual FTE salary range for the four Director posts will be **£82,472 - £88,363** which includes the Inner Fringe Allowance of **£806** per annum. The postholders are entitled to claim essential car allowance in accordance with the Council's Policy and can claim evening meeting allowances. There are three incremental points in this grade.

Any pay awards to Directors' salaries will be agreed at a national level as notified from time to time by the JNC for Chief Officers of Local Authorities. Directors have not received a national pay award since 1 April 2008.

The statutory roles of Monitoring Officer and 'Section 151' Officer will be carried out by the Director of Governance and the Director of Resources respectively. The postholders do not receive additional payments for these duties.

#### **Assistant to the Chief Executive**

**From 16 June 2014 this role will no longer exist in the Council's structure.**

#### **General Principles Applying to Remuneration of All Employees**

On recruitment, individuals will be placed on the appropriate SCP within the pay grade for the post that they are appointed to. Usually new starters will be placed on the bottom of the pay grade unless their current salary is higher. In these circumstances their starting scale point will match their salary at least.

Access to appropriate elements of the Council's Relocation Scheme may also be granted in certain cases, when new starters need to move to the area.

The Council does not apply performance-related pay or bonuses.

Market Supplements will be paid in accordance with the Council's Policy for Payment of Market Supplements.



Honorarium or ex-gratia payments will be paid in accordance with our Additional Payments Policy.

These policies are applied consistently to all employees.

## Pay Multiples

The Hutton Review raised concerns about multiples in the order of 20 or higher between the lowest and the highest paid employees in local authorities. However the Interim Report noted that the most top to bottom pay multiples in the public sector are in the region of 8:1 to 12:1. The Council is therefore content that having due regard for the level of responsibilities and personal accountability between the lowest and highest paid roles, the current multiple of 8.5 seems to be both justifiable and equitable.

The council does not set the remuneration of any individual or group of posts by reference to a multiple. However, as suggest by the Hutton Review the Council will monitor multiples over time to ensure they are appropriate and fair and will explain significant changes in pay multiples. The multiples are as following;

Role	2012/13		2013/14		2014/2015	
	Multiple	Salary	Multiple	Salary	Multiple	Salary
Chief Executive compared to lowest salary	N/A		x 8.6	£112,000	x8.5	£112,000
Acting Chief Executive compared to lowest salary	x 8.5	£110,000	N/A		N/A	
Deputy Chief Executive compared to lowest salary	x 6.5	£87,083	x 6.5	£87,083	N/A	
Directors compared to lowest salary	x 6	£76,838	x 6	£76,838	x6.8	£88,363
Assistant to the Chief Executive compared to lowest salary	x 4.7	£61,063	x 4.7	£61,063	N/A	
Assistant Directors compared to lowest salary	x 4	£52,837	x 4	£52,837	x4.2	£55,993
Average salary compared to Chief Executive	N/A		x4.3	£26,300	x4.2	£27,000
Average salary compared to lowest salary	x 2	£26,300	x2	£26,300	x2	£27,000

- The Director salary used is the top point of the Director range
- The Assistant Director used is the top point of grade 12

- The average salary is based on fte and has not been pro rata'd for part-time employees
- The lowest fte salary in the Council is £13,241

### **Remuneration Panel**

The Council is not at this time considering forming a separate Remuneration Panel to set pay rates for Council employees. The Council will continue to use an external body to evaluate Chief Officer roles when required and/or to provide benchmark pay information for these roles. It will also continue to use an internal job evaluation panel to evaluate those posts graded 1 – 12.

Annual pay awards will continue to be determined at a national level and implemented by the Council.

It will be the responsibility of Council to agree the initial salaries for Chief Officers following external advice/evaluation/benchmarking.

### **Review**

The Localism Act 2011 requires relevant authorities to prepare a Pay Policy Statement for each subsequent financial year. Our next Statement is scheduled to be for 2015/16 and will be submitted to Council for approval as reasonably practical before 31 March 2015.

If it should be necessary to amend this 2014/15 Statement during the year that it applies, an appropriate decision will be made by the relevant Committee, however, Council will agree the Pay Policy Statement.