

# EPHING FOREST DISTRICT COUNCIL

## PAY POLICY STATEMENT 2012/13

### 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.

Glossary. ([hyperlink to glossary](#))

### Hutton Review 2011 ([hyperlink to Review](#))

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 by the end of March 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 (*hyperlink to structure*) and a Job Evaluation Maintenance Procedure (*hyperlink to 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 (*hyperlink to agreements*). 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 (*hyperlink to Agreements*).

## **Annual Leave**

The Council's Annual Leave Policy sets out leave entitlements for employees. (*hyperlink to Policy*)

## **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. (*Hyperlink to Policy*)

## **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. (*hyperlink to Policy*)

## **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. (*hyperlink to Policy*)

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**

The Council operates a car lease scheme which has been suspended and currently under review.

The Scheme provides that both the Council and the employee contribute towards the cost of a lease car. The Scheme is open to all employees identified as an essential car user and posts at Assistant Director level and above.

Currently the contribution made by the employee ranges from 15% to 55% i.e.

- The Chief Executive, Deputy Chief Executive, Directors, Assistant Directors and essential users who travel 5,000 business miles and more = 15%;
- Essential users who travel between 2500 and 4999 business miles = 25%;

- Essential users who travel less than 2500 business miles = 40%;
- Employees who are currently on the scheme, and were as a result of a previous senior management review no longer eligible under the preceding criteria, will retain the right to remain on the scheme = 55%.

The Council's contributions payable during 2011/12 range from £1,600 to £5,585 per annum per employee.

Currently there are 60 employees on the Scheme; 4 Chief Officers; 13 Assistant Directors and 43 employees.

### **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. 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.

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 ([hyperlink to 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 ([hyperlink to policy](#)).

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

### **Pension Contributions**

As at the 31 March 2012 the following employee contribution rates will apply;

<b>Salary</b>	<b>Contribution</b>
Up to £13,500	5.5%
£13,501 to £15,800	5.8%
£15,801 to £20,400	5.9%
£20,401 to £34,000	6.5%
£34,001 to £45,500	6.8%
£45,501 to £85,300	7.2%
More than £85,300	7.5%

### **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).  
*([Hyperlink to fees](#))*

### **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) 4 and ends at local SCP 58. This pay spine is divided into 12 pay grades; 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. *([hyperlink to pay scale](#))*

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 £798 per annum is paid to employees (this does not apply to Apprentices).

## Assistant Directors

Only 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 are;

Grade	Scale Column Points	Salary Range
Grade 11	SCP 51 – 54	£43,765 - £47,140
Grade 12	SCP 55 - 58	£49,033 - £52,837

The salary shown is inclusive of the Inner Fringe Allowance of £798 per annum.

## 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 at SCP 4 which is contained in grade 1. Grade 1 contains only 2 SCPs; SCP 4 and 5. At 31 March 2012, the fee annual values of these two SCPs are £12,943 (SCP 4) and £13,110 (SCP 5) which include the Inner Fringe Allowance of £798 per annum.

The exceptions to the lowest grade are Apprentices who are paid in accordance with a nationally set minimum hourly rate/wage which is currently at least £95 per week. The Council also pays an additional £10 per week for travel expenses.

## 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. There has been no pay award implemented to these grades since 1 April 2009.

An Inner Fringe Allowance of £798 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

To date the Council has used Hay Job Evaluation to evaluate and set the salary for its Chief Officer posts. A Senior Management Review was undertaken in 2007/2008 whereby a new organisation structure for the Council was agreed and the following roles were evaluated at that time;

- Chief Executive
- Deputy Chief Executive
- Directors

The exception to this is the Assistant to the Chief Executive role, they continue to be paid on the Council's previous Management Grade.

### **Chief Executive (Vacant)**

Currently the Chief Executive role is vacant and is being covered by interim acting up arrangements by the Deputy Chief Executive.

As at July 2007 the role was job evaluated and set at a spot salary of £125,000. As at 31 March 2012 the salary would have been £128,063 which includes the Inner Fringe Allowance of £798 per annum. The postholder would have been entitled to claim essential car allowance in accordance with the Council's policy, been eligible to join the Car Leasing Scheme and claim evening meeting allowances.

The Chief Executive is also the Council's Head of Paid Service.

The Council is currently working with consultants to appoint a permanent Chief Executive and are taking external advice to set the appropriate salary for the role which will take into account the current economic circumstances.

### **Acting Chief Executive**

The salary for the current acting up arrangements is a spot salary at £110,000 including the Inner Fringe Allowance and evening meeting allowance. The postholder is entitled to claim essential car allowance and is eligible to join the Car Leasing Scheme.

Any pay awards to the Chief Executive salary will be agreed at a national level as notified from time to time by the JNC for Chief Executives of Local Authorities. The Chief Executive has not received a pay award since 1 April 2008.

### **Deputy Chief Executive**

The Deputy Chief Executive reports to the Chief Executive. As at 31 March 2012, the annual FTE range for the grade of this post is £81,960 - £87,083 which includes an Inner Fringe Allowance of £798 per annum. The postholder is entitled to claim essential car allowance in accordance with the Council's Policy, is eligible to join the Car Leasing Scheme and claim evening meeting allowances.

There are three incremental points in the grade.

Any pay awards to the Deputy Chief Executive salary will be agreed at a national level as notified from time to time by the JNC for Chief Officers of Local Authorities. The Deputy Chief Executive has not received a pay award since 1 April 2008.

Currently the substantive Deputy Chief Executive is acting up into the vacant Chief Executive position.

### **Directors**

The Directors currently report to the Acting Chief Executive. As at 31 March 2012, the annual FTE salary range for the five Director posts is £71,715 - £76,838 which includes the Inner Fringe Allowance of £798 per annum. The postholders are entitled to claim essential car allowance in accordance with the Council's Policy, are eligible to join the Car Leasing Scheme and 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 pay award since 1 April 2008.

The statutory roles of Monitoring Officer and 'Section 151' Officer are currently carried out by the Director of Corporate Support Services and Director of Finance and ICT respectively. The postholders do not receive additional payments for these duties.

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

The salary for this role is a spot salary at the top of Management Grade 3. As at 31 March 2012 the salary is £61,053 which includes the Inner Fringe Allowance of £798 per annum. The postholder is entitled to claim essential car allowance in accordance with the Council's Policy, is eligible to join the Car Leasing Scheme and claim evening meeting allowances.

Any pay awards to this salary will be agreed at a national level as notified from time to time by the Joint Negotiating Committee for Chief Officers of Local Authorities. Chief Officers have not received a pay award since 1 April 2008.

This post within the Council's management structure is recognised as a Chief Officer however it is not a Director role. This current postholder is also the Council's Returning Officer and Deputy Monitoring Officer.

The Returning Officer role attracts payment of fees and expenses, depending on the elections held in any year.

In May 2011, they officiated as Returning Officer in respect of District Ward and Parish Council elections, the fees for which are set by the Council under delegated authority approved by the Council. The fees are based on electorate figures for the Ward/Parish Council areas concerned where elections were held.

In addition, one Parish Council by-election was held in December 2011, at which the Returning Officer officiated.

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

District elections - May 2011	Fee: £3738 (gross) Expenses: No claim
Parish elections - May 2011	Fee: £2878 (gross) Expenses: No claim
Parish By-election December 2011	Fee: £ 473 (gross) Expenses: No claim

Also in May 2011, the Returning Officer was required to act as Local Counting Officer at the Referendum on the Voting System. This attracted a fee which was set by the Government on the basis of electorate and was as follows:

Fee: £5065                      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.

### **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. (*hyperlink to Policy*).

Honorarium or ex-gratia payments will be paid in accordance with our Additional Payments Policy (*hyperlink to 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;

<b>Role</b>	<b>Multiple</b>	<b>Salary</b>
Vacant Chief Executive	X 10	£128,063
Acting Chief Executive compared to lowest salary	x 8.5	£110,000
Deputy Chief Executive compared to	x 6.5	£87,083

Role	Multiple	Maximum Salary
lowest salary		
Directors compared to lowest salary	x 6	£76,838
Assistant to the Chief Executive compared to lowest salary	x 4.7	£61,063
Assistant Directors compared to lowest salary	x 4	£52,837
Average salary compared to Acting Chief Executive	x 4.2	£26,300
Average salary compared to lowest salary	x 2	£26,300

- The Chief Executive post has been vacant since July 2010. The Council is currently working with consultants to appoint a permanent Chief Executive and are taking external advice to set the appropriate salary for the role which will take into account the current economic circumstances.
- The average salary is based on fte and has not been pro rata'd for part-time employees
- The lowest salary in the Council is £12,943

### 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 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 2013/14 and will be submitted to Full Council for approval by 31 March 2013.

If it should be necessary to amend this 2012/13 Statement during the year that it applies, an appropriate decision will be made by Full Council.