

# **EPHING FOREST DISTRICT COUNCIL**

## **PAY POLICY STATEMENT 2019/20**

### **Introduction**

Epping Forest District Council is located adjacent to three outer London boroughs and on the Central Line into the City of London. 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. There are some long standing recruitment difficulties and retention issues in key skill areas, the situation is not static and is capable of changing very rapidly, but the Council is currently consulting on steps over pay and allowances that are designed to assist with recruitment and retention.

This Statement reflects the Council's current pay, pension and leave policies and strategies which will be amended over time to deal with changing circumstances (the consultation process referred to above may require this document to be amended at a later date). 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.

**Glossary.** (*Hyperlink to Glossary 1*)

**Hutton Review 2011** (*Hyperlink to Review 2*)

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. At the time of approving of this Statement by full Council, a consultation process to change pay and allowances arrangements is ongoing.

## **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 3*) and a Job Evaluation Maintenance Procedure (*hyperlink to procedure 4*) 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 5, 6 & 7 to agreements*). The Agreements are applied consistently to all employees.

The content of these Collective Agreements is also currently subject to review.

## **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. Currently, consultation is under way to discontinue adherence to the National Agreement on Pay and to implement local pay arrangements.

## **Overtime and Evening Meeting Allowances**

Payments for working outside normal working hours are set out in the Council's Collective Agreements (see the reference to consultation above). (*hyperlink to Agreements 5, 6, & 7*).

## **Annual Leave**

The Council's Annual Leave Policy sets out leave entitlements for employees (see the reference to consultation above). (*Hyperlink to Policy 8*).

## **Flexi-Time Scheme**

The Council's Scheme applies to all employees with some exemptions due to service delivery needs (see the reference to consultation above). (*Hyperlink to Policy 9*).

## **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 10*).

## **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 (see the reference to consultation above). (*Hyperlink to Policy 11*).

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's Car Leasing Scheme terminated at the end of 2016/17 and there is no longer a scheme in place where the Council makes contributions.

The Council has implemented a Green Car Salary Sacrifice Scheme, accessed by all eligible staff with no Council contribution towards the cost of an employee's lease payments. Currently there are 17 employees on this Scheme a decrease of 4 employees on last year.

## **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 are paid. 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).
- The Local Government Pension Scheme (LGPS) April 2014.

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 12](#)) 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 13](#))

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

## Pension Contributions

Employee contribution rates for 2018/2019;

Salary	Contribution	
	Main Section	50/50 Section
Up to £14,100	5.5%	2.75%
£14,101 to £22,000	5.8%	2.9%
£22,001 to £35,700	6.5%	3.25%
£35,701 to £45,200	6.8%	3.4%
£45,201 to £63,100	8.5%	4.25%
£63,101 to £89,400	9.9%	4.95%
£89,401 TO £105,200	10.5%	5.25%
£105,201 to £157,800	11.4%	5.7%
£157,801 and above	12.5%	6.25%

Contribution rates for 2019/20 are not due to be released until the beginning of March 2019.

## 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 2-12

### Pay Scale

Up to 2018/19 employees have been 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'), using a pay spine that commences at national Spinal Column Point (SCP) 6 and ends at local SCP 58. This pay spine has been divided into 11 pay grades; 2 – 10 contain five incremental points and grades 11 and 12 contain 4 incremental points. Grade 2 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.

With effect from 1 April 2019 the Council intends to introduce local pay arrangements, replacing current grades 2-12 and no longer applying the National Agreement on Pay. This is currently the subject of consultation.

The Council currently uses the NJC Job Evaluation Scheme to evaluate all posts on grades 2 – 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 3](#)).

Individuals would normally receive an annual increment, subject to the top of their grade not being exceeded. For grades 2 – 10 the 5<sup>th</sup> point each grade would only be awarded if the employee has at least 5 years continuous service with the Council. The local pay arrangements currently the subject of consultation is unlikely to include the concept of incremental progression.

An Inner Fringe Allowance of £857 per annum is paid to employees (this does not apply to Apprentices). It is likely that this payment will be incorporated into local pay arrangements, subject to consultation.

### **Assistant Directors**

Assistant Directors are paid on Grades 11 or 12 and are also currently subject to the NJC Job Evaluation Scheme. The salary ranges for these grades wef 1 April 2018 are;

Grade	Scale Column Points	Salary Range
Grade 11	SCP 51 – 54	£49,312 - £53,118
Grade 12	SCP 55 - 58	£55,253 - £59,543

The salary shown is inclusive of the Inner Fringe Allowance of £857 per annum (see the reference to consultation above).

In the Council's new structure all Assistant Director roles have been deleted.

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

For the purpose of this Policy Statement, employees on grade 2 are defined as our lowest-paid employees. This is because no employee of the Council is paid lower than SCP 6 which is contained in grade 2. At 1 April 2018, the fte annual value of this SCP 6 is £15,854 which includes an Inner Fringe Allowance of £857 per annum.

The exceptions to the lowest grade are Apprentices who are paid £150 per week.

### **General**

Currently the values of the SCPs in grades 2 – 12 are increased by pay awards notified from time to time by the National Joint Council for Local Government Services. A national pay award was implemented to these grades effective from 1 April 2018.

An Inner Fringe Allowance of £857 per annum is currently paid to employees (this does not apply to Apprentices).

Subject to the outcome of consultation, these arrangements will be replaced at 1 April 2019 by local pay arrangements and locally agreed adjustments from time to time of those arrangements.

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

## **Remuneration of Chief Officers**

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**

Currently the Chief Executive role is filled on an acting up basis pending a permanent appointment. The Council is in the process of recruiting to the role on a salary of circa £120,000 which includes Inner Fringe Allowance of £857 and evening meeting allowances.

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

### **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.

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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.

### **Returning Officer Fees**

#### **May 2018**

District Elections - £8,408.70

### **Strategic Directors**

In June 2018, Cabinet agreed a new organisation structure which established 2 Strategic Director roles with a spot salary of £95,000, inclusive of £857 Inner London Fringe Allowance. Postholders are entitled to claim for evening meeting allowances and essential car allowance in accordance with Council policies.

### **Service Directors**

The pay scale for Service Directors consists of 3 incremental points. The level of pay is locally determined following benchmarking with other public sector organisations and agreement by members.

As at 1 April 2018, the annual FTE salary range for the seven Director posts is £70,000 to £75,000, which includes the Inner Fringe Allowance of £857 per annum. The postholders are entitled to claim essential car allowance in accordance with the Council's Policy and evening meeting allowances.

## Statutory Roles

The statutory roles of Monitoring Officer and 'Section 151' Officer will be carried out by the Head of Legal and the Strategic Lead for Finance. The postholders will receive an additional £5,000 supplement for these statutory responsibilities.

## General Principles Applying to Remuneration of All Employees

On recruitment, individuals are currently 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 previous salary at least. These arrangements will need to be amended upon the implementation of local pay arrangements (subject currently to consultation).

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 currently apply performance-related pay or bonuses, but this may change at a future date.

Market Supplements will be paid in accordance with the Council's Policy for Payment of Market Supplements. ([Hyperlink to Policy 14](#)) (Although local pay arrangements, currently subject of consultation, may provide alternative means to achieve the same outcome).

Honorarium or ex-gratia payments will be paid in accordance with our Additional Payments Policy. ([Hyperlink to Policy 15](#))

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 7.3 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 suggested 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	2016/2017		2017/2018		2018/2019	
	Multiple	Salary	Multiple	Salary	Multiple	Salary
Chief Executive compared to lowest salary	x7.8	£112,000	x7.4	£113,000	x7.1	£116,000
Directors compared to lowest salary (Strategic Directors)*	x6.3	£90,130	x5.9	£91,031	X5.8	£95,000*
Assistant Directors compared to lowest salary	x4	£57,225	x3.8	£57,797	X4.4	£72,500*

(Service Directors)*						
Average salary compared to Chief Executive	x4.1	£27,500	x4.1	£27,775	x4.2	£28,334
Average salary compared to lowest salary	x1.9	£27,500	x1.8	£27,775	x1.7	£28,334

- The Service Director salary used is the mid-point of the range
- 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 £16,394

## 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 2 – 12. The Council will consult on implementing job families alongside its current job evaluation scheme/process.

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 2020/21 and will be submitted to Council for approval as reasonably practical before 31 March 2020.

As referred to above, a consultation process is currently under way to implement local pay arrangements and to review allowance payments. Any changes made will be reflected in a future Pay Policy Statement that will be submitted to Members for approval.