

# **EPPING FOREST DISTRICT COUNCIL**

## **PAY POLICY STATEMENT 2020/21**

### **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 continually considers 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.

### **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).

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

The Policy has been made available on the Council's website.

## **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.

## **Pay Arrangements**

During 2018/19 negotiations took place with the recognised trade unions to move pay away from National Conditions to local arrangements.

The outcome of these negotiations resulted in a Collective Agreement and local pay arrangements were implemented with effect from 1 October 2019. The local pay scales can be found at Appendix 1. At this point, Inner Fringe London Allowance was incorporated into salary scales, and no longer forms part of separate pay bargaining.

Grades no longer contain incremental points, and employees are paid at a spot salary within the grade range. Incremental progression, therefore, no longer applies but progression within grade can be applied in accordance with pay policy. Placement within the respective Grade Zones is also in accordance with pay policy.

Grades for roles will continue to be determined by the NJC Job Evaluation Scheme implemented through our Job Family Framework.

## **Pay Awards**

For the future, Epping Forest salary ranges will be benchmarked against the Public & Not for Profit Market, and NJC pay awards will no longer apply, although the Council has agreed that annual pay awards will be no less than the NJC Award.

The Council will consider pay awards annually, and any award agreed will be applied at 1 April.

## **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. At Epping, Chief Officers are determined as the Chief Executive, Strategic Directors and Chief Operating Officer.

## **Chief Executive**

The Chief Executive is paid a spot salary of £140,000 which includes compensation for all other allowances that might normally apply (i.e. evening meeting payments). The Chief Executive may also benefit from a performance payment of up to £5,000 (which will be consolidated into base salary) if targets and objectives, set by the Leader of the Council and Chair of the Overview and Scrutiny and Committee, together with an independent facilitator, are met. For future years, any performance payment will be unconsolidated unless a further review of base salary is undertaken.

The Chief Executive is also the Council's Head of Paid Service and the Returning Officer (for which additional fees are paid).

## **Strategic Directors**

In January 2020, Cabinet agreed a new organisation structure which permanently established 2 Strategic Director roles and a role of Chief Operating Officer, all at a spot salary of £115,000 together with the opportunity of flexibility of benefits.

## **Termination Payments**

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

- in circumstances that are relevant (e.g. redundancy), and
- 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. 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.

## **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. These positions do not need to be held by Chief Officers. The relevant postholders will receive an additional £5,000 supplement for these statutory responsibilities.

## **Definition of Lowest Paid Employees**

For the purpose of this Policy Statement, employees on grade A are defined as our lowest-paid employees.

At 1 April 2019, the fte annual value of the minimum of the Growth Zone of Grade A was £18,300.

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

## 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 7.7 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	2019/2020	
	Multiple	Salary
Chief Executive compared to lowest salary	x 7.7	£140,000
Strategic Directors compared to lowest salary	x 6.3	£115,000
Average salary compared to Chief Executive	x 4	£35,365
Average salary compared to lowest salary	x 1.9	£35,365

- The Director salary used for 2019/20 was 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 £18,300 in 2019/20

## Other Payments

Market Supplements may be paid in accordance with the Council's Policy for Payment of Market Supplements (although where necessary to secure or retain the employment of essential staff, other means may be applied to achieve the same outcome).

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

The Council does not currently apply performance related pay or bonuses (except for in the case of the Chief Executive), but this may change generally at a future date, and may be applied as part of a personal contract of employment if required to secure the employment and retention of essential employees. Under local pay arrangements, the Council may consider the award of a Council wide or Team bonus at any point paid, on the basis of agreed targets/outputs . Such bonus will take the form of an unconsolidated payment and will not affect substantive pay.

These policies are applied consistently to all employees.

**APPENDIX 1**

Grade	Growth Zone £	Core Zone £	Exception Zone £
A	18,300 – 18,500	18,501 – 18,726	18,951 – 19,100
B	19,150 – 19,300	19,301 – 19,551	19,801 – 20,100
C	20,400 – 20,900	20,901 – 21,201	20,501 – 22,000
D	22,400 – 23,000	23,001 – 23,876	24,751 – 25,500
E	25,700 – 26,500	26,501 – 27,651	28,801 – 29,500
F	29,700 – 30,300	30,301 – 31,626	32,951 – 33,400
G	33,500 – 35,000	35,001 – 36,401	37,801 – 38,400
H	38,500 – 40,000	40,001 – 41,301	42,601 – 43,300
I	43,600 – 45,100	45,101 – 46,301	47,501 – 50,000
J	50,300 – 51,800	51,801 – 53,001	54,201 – 56,200
K	57,500 – 58,500	58,501 – 59,626	60,751 – 63,000