

### Pay Policy Statement 2017/18

#### 1. Introduction

Section 38 (1) of the Localism Act 2011 requires English and Welsh local authorities to produce a pay policy statement for 2011/12 and for each subsequent financial year.

The pay policy statement must include:

- The authority's policy on the level and elements of remuneration for each chief officer.
- The authority's policy on the remuneration of its lowest paid employees.
- The authority's policy on the relationship between the remuneration of its chief officers and other officers.
- The authority's policy on other specific aspects of chief officer remuneration such as remuneration on recruitment, increases and additions to remuneration, use of performance related pay and bonuses, termination payments and transparency.

The Act defines remuneration widely as:

- Pay.
- Charges.
- Fees.
- Allowances.
- Benefits in kind.
- Increases/enhancement of pension entitlement.
- Termination payments.

The Act also requires that the pay policy statement:

- Must be approved formally by Council.
- Must be approved by the end of March every year.
- Can be amended in year by Council.
- Must be published on the local authority's website.
- Must be complied with.

On 1 April 2017 the Council will introduce a new structure for parts of the organisation. The new structure brings new methodology.

Layer 1 of the organisation are the Executive Directors.

Layer 2 of the organisation is made up of:

- Directors
- Heads of Service whose manager is directly managed by the Chief Executive.

During 2017/18 it is anticipated that there will be a significant change to the structure of the parts of the organisation below layer 2. If this entails changes to the pay policy statement then these changes will be considered by full Council.

## **2. Determination of Grade**

Subject to the next paragraph, ECC policy is to evaluate all job roles using:

- Local Government Single Status Job Evaluation (JE) Scheme – Bands 1 - 4.
- HAY Job Evaluation Scheme – Bands 5 - 8 and Grades A & B.

No evaluation process exists for Soulbury or Youth and Community conditions, but employees are placed within nationally defined grading structures.

Both job evaluation schemes used are substantial schemes used nationally and internationally, and provide the basis for grade determination based upon a range of established factors.

As a result, the grades of the most junior and senior roles in ECC are determined by job evaluation.

Consideration will be given to the operation of a single job evaluation scheme during 2017/18 and any changes will result in amendments to the Pay Policy Statement.

## **3. Background**

ECC Policy is that remuneration at all levels of Essex County Council (the lowest to the highest paid employees) must be sufficient to attract, appoint and retain high quality employees while at the same time recognising that pay and benefits are met from public funds.

Pay policy at ECC is currently to apply local pay and conditions with only a small group of employees retained upon National Conditions of Service (within Soulbury, Youth and Community and Teaching groupings and some employees who have TUPE'd into ECC).

The values of the incremental points contained within National grading structures (such as Soulbury, Teaching groupings and Youth & Community) are as determined by national negotiations between the Local Government Employers and the trade unions. Pay claims, generally on an annual basis, are submitted by the trade unions and considered by the Local Government Employers (following consultation with local authorities). ECC Policy is to adopt any changes made to salary scales arising from National negotiation for these groups only.

A new grading and pay structure for layers 1 and 2 of the organisation (senior roles) is being introduced on 1 April 2017. (see Annex A).

The new pay grades have been proposed by referenced to the HAY 'Public and Not for Profit' market. The grading structure comprises broad salary bands with no incremental points and all employees in layers 1 and 2 are appointed at a spot salary within the band.

Pay grades are revisited from time to time to ensure they remain appropriate when benchmarked against the identified market.

During 2017/18 the Council will be reviewing the pay for other roles in the organisation. The introduction of separate pay or allowance arrangements (for example to best fit traded services) may also be undertaken. Any changes will result in a review of the pay policy statement.

The National Living Wage is the minimum rate paid to ECC's lowest paid permanent employees irrespective of their age. This will be kept under review if the National Living Wage becomes out of step with other ECC grades.

Details of ECC's grading structure are shown at Annex A.

#### **4. Definition of Lowest and Highest Paid Employees**

As stated above, ECC Policy is that all grades applied to posts are determined by job evaluation. The lowest paid employees fall within posts currently evaluated at Band 1 (see Annex A for values).

Other than the post of Chief Executive, the highest paid posts within ECC fall within posts evaluated at A Band (see Annex A for values).

The Council's policy is that the rate should reflect the market for the post and that jobs should also be evaluated in accordance with a job evaluation scheme.

#### **5. Pay Ratios**

The recommendation of the Hutton Report into "Fair Pay in the Public Sector", as recognised by the Government in the Code of Recommended Practice for Local Authorities on Data Transparency, was that a pay ratio of the salary of the Chief Executive compared to the median average salary in the organisation should be published.

For the financial year 2016/17 this ratio was 1:7.7

#### **6. Publication of Pay Data**

The Council complies with the Data Protection Act 1998 and will only publish information about an individual officer's pay where it is required to do so by law. In accordance with the Accounts and Audit Regulations 2015 the Council will publish, with the accounts and on the ECC website, pay information about individual posts for the Chief Executive, Corporate

Management Board members and other posts as required in the Regulations lists posts whose pay must be published by reference to individual job title.

In relation to officers whose salary is over £150,000 per annum (pro rata for part time officers) the Council's accounts will note their pay by reference to their name and job title as required by Regulations. In relation to other officers of the Council, including layer 1 and layer 2 posts pay information is published relating to salaries of £50,000 or more by reference to total numbers within bands (grouped in bands of £5,000) within the Annual Statement of Accounts which is published on the ECC website.

In the accounts for 2016/17 the Council will publish information about exit packages agreed during this year. This information is given by reference to total numbers within bands (of £20,000 up to £100,000 and thereafter £50,000 bands). Details of individual exit packages will be given as required by law.

## **7. Pay Policy upon Appointment**

For the majority of roles current ECC Policy is that there is no restriction upon the salary at which new recruits should be appointed, and appointing managers or Members may use any point within the evaluated salary scale to recognise a successful applicant's experience, qualification, technical knowledge, technical skills and market value.

For posts within layer 1 or 2 the Council will appoint at the mid-point of the salary range unless the recruiting panel feel that there is a significant need for the employee to demonstrate capacity/competence in the role.

Where this occurs, a progression scheme will be created to set out what the employee needs to achieve in order to increase capability/competence and progress salary to mid-point

Access to the upper ranges will only occur in exceptional circumstances and must be specifically agreed by the Chief Executive or relevant Executive Director.

## **8. Governance**

As one of the largest local authorities in the UK serving an area with approximately 1.4m residents, ECC policy is to delegate authority for decision making to the appropriate level and to detail such delegations within the Constitution.

Under ECC's Constitution, the Chief Executive is the Head of the Paid Service and has delegated authority to appoint, dismiss and determine pay for all employees except where this function is specifically delegated to Members. The Chief Executive has authorised certain other officers to appoint and dismiss certain staff.

The full Council appoints members to a politically balanced "Committee to determine the Conditions of Employment of Chief & Deputy Chief Officers". This committee has authority to recommend to full Council the appointment of the Head of the Paid Service, to appoint and

dismiss Chief and Deputy Chief Officers (other than the Chief Executive, the s151 officer and the monitoring officer) and to consider and approve the recommendations of the Chief Executive and the Leader of the Council in respect of performance payments for the Chief Executive and Executive Director members of the Corporate Management Board layer 1 and 2 Officers.

This means that Councillors – by the Committee make all appointment and dismissal decisions for Directors and Executive Directors, which includes all on a salary in excess of £100,000, with the exception of a small number of head of service roles in the Organisational Development function.

A Remuneration Panel, comprised of independent persons, can be convened as and when required to advise on executive pay but has no decision making power.

The appointment or dismissal of the Head of the Paid Service is required to be approved by the full Council.

The dismissal of the section 151 Officer or the monitoring officer is required to be approved by the full Council,

## **9. Pay Progression and Links to Performance Management**

By agreement with the trade unions, pay progression for ECC employees on local pay are subject to performance.

ECC Policy operates a five factor performance management scheme (branded as 'Supporting Success') and performance outcomes are directly linked to reward.

The performance review year runs from 1 April until 31 March. Stretching goals and behaviour statements need to be in place within two months of the start of each review year (by 31 May) in order to ensure that employees have a clear idea of what is expected of them in order to achieve a specified level of reward.

Goals are contained within a corporate system ("Perform") and should be stretching, SMART and link to the Corporate Performance Framework, Corporate and Business Plans.

The scheme rewards only effective performance; ineffective performance is not rewarded. Performance outcome ratings of Level 1 (Not Met) and Level 2 (Developing) will not attract any reward. Performance outcomes of Levels 3 (Achieving), Level 4 (Exceeds) or Level 5 (Exceptional) may attract a base pay increase (in the form of a percentage of salary).

The scheme provides for bonus opportunity under local performance pay arrangements only. Performance outcomes of Level 4 (Exceeds) or Level 5 (Exceptional) may attract a one-off bonus payment (expressed as a percentage of salary).

Levels of base pay increase and bonus payments are determined by ECC annually taking into account market conditions, benchmarking data and affordability. This decision may also result in a base pay freeze, a bonus freeze, or both. Policy allows the application of different arrangements for separate grading groups.

Guidance on the distribution of performance awards is based upon that expected in a highly performing organisation. This **does not** take the form of a “forced” distribution and guidance is as follows:

- Not Met – 5% of eligible employees.
- Developing – 10% of eligible employees.
- Achieving – 60% of eligible employees.
- Exceeds – 20% of eligible employees.
- Exceptional – 5% of eligible employees.

In addition, for posts in layers 1 and 2 of the organisation, base pay progression may also take a further form. Where an employee has been appointed to a role below the mid-point of the relevant grade, accelerated base pay progression towards mid-point may take place in accordance with a progression plan.

During 2017-18 it is anticipated that there may be changes to pay progression and performance management scheme. If this entails changes to the pay policy statement then these changes will be considered by full Council.

## 10. Other Reward Mechanisms

### (a) In Year Adjustments to base pay

Where a post has been evaluated as within locally determined performance pay grades within Bands 5 and above, a Policy has been established and agreed by Corporate Management Board to consider business cases for in year adjustments to base pay.

Such cases are expected to be few in number, and will need to meet established criteria.

The governance arrangements to approve submitted business cases are as follows:

- Employees within Bands 5 and above who do not report to a member of the Corporate Management Board – decision to be made:
  - by Executive Director unless recommendation exceeds a 10% increase.
  - by the Executive in any other case.
- People managed by a member of CMB, decision to be made by the Chief Executive.
- In the event that a salary adjustment in year needs to be applied to a member of the Corporate Management Board, decision to be made by the Committee to determine the Conditions of Employment of Chief and Deputy Chief Officers.

## (b) Career Progression Schemes

In addition, a small number of Career Progression Schemes have been developed and implemented within Functions.

These schemes allow additional base pay progression dependent upon employees achieving specified qualifications and experience.

## (c) Market Supplements

As a general rule, the benchmarked local performance grades provide relevant and adequate compensation to attract and retain employees for the majority of posts and the necessity to apply a salary supplement should not exist.

There may be specific circumstances, however, where an additional market supplement may be required to either attract hard to recruit categories of employees or to retain such employees within the employment of ECC.

In all cases a business case will need to be developed to support the payment of market supplements. The business case will need to be approved by the relevant Executive Director and the Director, Organisation Development and People. All market supplements applied are required to be kept under regular review and withdrawn should the recruitment position improve.

## (d) Other Pay Arrangements

As ECC further develops, for example its traded functions, it may be necessary to develop segmented pay arrangements to fit the nature of the business. All such pay variations will be approved by the Chief Executive or by the Committee if they affect posts at layer 1 or layer 2. Any such arrangements will need to consider the implications of the Equality Act 2010.

## (e) Pay Protection

ECC has pay protection arrangements which provides a mechanism to assist employees to adjust to a reduction in pay arising from organisational change, job evaluation or redeployment.

Pay is protected for a period of 18 months following which the employee reverts to the maximum level of pay within the new substantive grade.

## (f) Allowances

ECC has determined a range of Flat Rate Allowances to replace a number of premium payments available under National Conditions. These Allowances were negotiated and agreed with trade unions under a Single Status Agreement. In some cases, allowances available under the National Conditions remain in place.

### (g) Pension

ECC operates the Local Government Pension Scheme and the Teachers Pension Scheme and makes pension contributions as required to all employees who elect to participate in either scheme. Both pension schemes are compliant with Pension Automatic Enrolment legislation.

A number of employees have transferred to ECC under a specific staff transfer arrangement which allowed them to continue membership of the NHS pension scheme. ECC makes contributions on their behalf and complies with Pension Legislation in respect of the NHS scheme.

ECC has determined and published policies around the discretions available under the LGPS.

### (h) Lease Car Scheme

ECC operates a lease car scheme, and Policy is that employees at any level within the organisation may be offered participation within the scheme.

### (i) Lease Car Alternative Annual Allowance Payment

ECC Policy is that employees occupying roles graded at Band 8 and above may either participate in the ECC car leasing scheme without having to demonstrate business need, or receive a an annual allowance as an alternative.

This is provided as a discretionary policy and may be withdrawn at any time, subject to the provisions of individual employees' contracts of employment.

### (j) Private Medical Health Insurance

At present ECC provides the facility for employees occupying roles graded at Band 7 and above to receive Private Medical Health Insurance cover. Upon application, cover is provided for employee and either their spouse or their children.

Employees may upgrade to family cover at their own additional expense. Private Medical Health Insurance provides a Benefit in Kind and is included in P11D statements and results in a tax liability for participating employees.

This is provided as a discretionary policy and may be withdrawn at any time, subject to the provisions of individual employees' contracts of employment.



### (k) Childcare Vouchers

ECC Policy is that all permanent employees may participate in the Childcare Voucher scheme through a salary sacrifice arrangement.

The Government is scheduled to launch a new scheme (introduction date to be determined during 2017/18) designed to assist employees with their childcare costs. ECC will continue to offer the Childcare Voucher scheme to existing users for as long as there is a demand and taxation advantage to offering it.

### (l) Cycle to Work Scheme

ECC Policy is that all permanent employees may participate in the Cycle to Work scheme through a salary sacrifice arrangement.

### (m) Buying of Annual Leave

Employees are given two opportunities per annum to purchase additional annual leave through a contractual arrangement.

### (n) Individual & Team Rewards

ECC Policy is that employees or teams may receive recognition for undertaking additional duties that are significantly outside the scope of their normal role for a short period of time or excelling in the performance of their duties

Such recognition can take the form of:

- Reward payments
- Reward vouchers
- Award of additional annual leave
- Thank you letters
- E-recognition cards

## **11. Chief Officer Salaries 2017/18**

Chief Officers are all employed at Layers 1 and 2. Council Policy on the recruitment of Chief Officers is therefore as detailed at paragraph 8 of this Statement.

The salary packages applied to posts of Chief Officers and other roles specified in the Accounts and Audit Regulations 2015 will be published on the Council website and within the Statement of Accounts.

## **12. Appointments to Designated Roles 2017/18**

The Council Policy on the recruitment of Chief Officers and Deputy Chief Officers is as detailed at paragraphs 8 of this Statement.

## **13. Early Retirement/Termination of Designated Roles 2017/18**

The Council Policy on the termination of Chief Officers' employment is as detailed at paragraph 8 of this Statement and within the Constitution.

ECC early retirement Policy is that requests for early payment of benefits will be agreed (before the age of 60) only if there is a compelling business reason for doing so.

## **14. Settlement Agreements**

In exceptional circumstances to avoid or settle a claim or potential dispute, ECC may agree payment of a settlement sum. All cases must be supported by a business case and take account of all legal, financial, contractual and other responsibilities.

## **15. Small Business, Enterprise & Employment Act 2015**

ECC will implement the Repayment of Public Sector Exit Payment Regulations if and when paid.

## Salary Ranges Bands

<b>Band</b>	<b>Minimum</b>	<b>Maximum</b>
Band 1	£14,469	£16,300
Band 2	£15,200	£23,200
Band 3	£17,300	£28,800
Band 4	£22,700	£40,750
Band 5	£28,500	£50,400
Band 6	£35,500	£59,500
Band 7	£46,000	£69,100
Band 8	£55,000	£85,500
Grade B Job Size 3	£81,000	£99,000
Grade B Job size 2	£100,000	£120,000
Grade B Job size 1	£121,000	£140,000
Grade A	£141,000	£170,000
Chief Executive	Spot Salary	£195,000

