

Essex County Council.

Pay Policy Statement 2013-14.

[Draft for approval by Council. Changes from 2012-13 approved version are marked in track change style.]

1. Introduction

Section 38 (1) of the Localism Act 2011 requires English and Welsh local authorities to produce a pay policy statement for 2012/13 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.

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2. Determination of Grade

ECC policy is to evaluate all job roles covered by the NJC for Local Government Services and under local pay arrangements using:

- Local Government Single Status Job Evaluation Scheme – Bands 1-4.
- HAY Job Evaluation Scheme – Bands 5-13.

No evaluation process exists for Soulbury or Youth & 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.

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 to apply National Conditions to roles at the Administrative, Technical and Clerical levels, and local pay and conditions to middle and senior management levels.

The National pay agreement in 1997, known as the Single Status Agreement, required local authorities to reduce the working week of former “blue collar” workers and to introduce a single pay spine for all employees (to replace the separate grading structures that existed). Following negotiation with the trade unions, ECC achieved Single Status in June 2001 and created a broad banded grading structure as follows:

- Band 1 – national spinal points 4 -10.
- Band 2 - national spinal points 11 -16.
- Band 3 - national spinal points 17 – 25.

- Band 4 - national spinal points 26 – 34.

Above this point, the national spine was retained for middle managers for a period of time while senior managers remained contracted on local pay arrangements.

In July 2007, following a commissioned grading review undertaken for ECC by the HAY Group, local pay arrangements were refreshed and Bands 7-13 created with wide pay scales subject to performance pay arrangements. From January 2008 this scheme was extended on a voluntary basis to middle managers who were able to opt in to newly formed Bands 5 & 6, and by November 2010 all employees at this level were employed on local arrangements.

As a result, while the bulk of the workforce remain employed on National Conditions as determined by the National Joint Council for Local Government Services or other national conditions for smaller employee groups as determined by the Joint National Council for Youth & Community Workers and the Soulbury Committee, a significant proportion are now employed on local pay arrangements.

The values of the incremental points contained within Bands 1-4 (and other National grading structures such as Soulbury 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. No changes to the values of the National incremental spine due to cost of living awards have taken place, however, since April 2009.

Local performance pay grades are benchmarked against the HAY London & South East Industrial and Service market. The grading structure applied comprises broad salary bands with no incremental points and all employees are appointed at a spot salary.

The local performance pay grades applied are revisited from time to time to ensure they remain benchmarked against the identified market. Since introduction in July 2007 the salary ranges have been adjusted only once with effect from April 2010. No cost of living awards are applied to these salary ranges.

Details of the grading structure for Bands 1-13 are shown at Appendix 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 and, subject to the results of evaluation, pay ranges fall within National Conditions or local performance pay arrangements.

The lowest paid employees fall within posts evaluated at Band 1, which comprises points 4 to 10 of the National Joint Council for Local Government Services pay spine (see Appendix A for values).

Other than the post of Chief Executive, the highest paid posts within ECC fall within posts evaluated at Band 13 (see Appendix A for values).

The relationship between pay at the lowest and highest levels at ECC is therefore controlled by job evaluation.

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 2012/13 this ratio was 1:8.9.

6. Publication of Pay Data

The Council complies with Data Protection Act obligations 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 (England) Regulations 2011 the Council will publish, with the accounts, pay information about individual posts for the Chief Executive and the Corporate Leadership Team members (the Regulations list Chief Officer posts whose pay must be published by reference to individual job title, but presently these posts are all on the Corporate Leadership Team).

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 Deputy Chief Officers, 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).

In the accounts for 2012/13 the Council will publish information about exit packages. This information is given by reference to total numbers within bands (of £20,000 up to £100,000 and thereafter £50,000 bands).

7. Pay Policy upon Appointment

ECC Policy is that there is no restriction upon points 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.

Where previously identified and approved, a salary supplement may be applied.

8. Governance

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 has delegated authority to appoint, dismiss and determine pay for all employees except where this function is specifically delegated to Members. Power is delegated by the Chief Executive to other officers to appoint and dismiss staff in most cases.

Members, forming the Committee to determine the Conditions of Employment of Chief & Deputy Chief Officers, have authority to recommend to full Council the appointment of the Head of the Paid Service, to appoint and dismiss Chief and Deputy Chief Officers and to consider and approve the recommendations of the Chief Executive and the Leader of the Council in respect of performance payments for Tier 1 Officers. A Remuneration Panel had been formed comprised of independent persons to advise on executive pay.

9. Pay Progression and Links to Performance Management

Since achieving Single Status in 2001, and in agreement with the trade unions, all pay progression at ECC has been subject to performance whether under National Conditions or local performance pay arrangements.

ECC Policy is to operate a five factor performance management scheme (branded as 'my performance') and performance outcomes are directly linked to reward.

The performance review year runs from 1 April until 31 March. Stretching objectives and values and behaviour statements will 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.

Objectives should be contained within a 'my performance' contract and be stretching, SMART and link to the Corporate Plan, Service and Team Plans.

The scheme rewards only effective performance; ineffective performance is not rewarded. Performance outcome ratings of Level 1 (Not Met) and Level 2 (Part Met) will not attract any reward. Performance outcomes of Levels 3 (Fully Met), Level 4 (Exceeds) or Level 5 (Exceptional) may attract a base pay increase (in the form of an increment under National Conditions or expressed as a percentage of salary under local performance pay arrangements).

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 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.
- Part Met – 10% of eligible employees.
- Fully Met – 60% of eligible employees.
- Exceeds – 20% of eligible employees.
- Exceptional – 5% of eligible employees.

10. Other Reward Mechanisms

(a) In Year Adjustments – Local Performance Pay

Where a post has been evaluated as within locally determined performance pay grades (Bands 5-10), a Policy has been established and agreed by Corporate Leadership Team to consider business cases for in year adjustments to base pay.

Such cases are expected to be minimal, and will need to meet established criteria.

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

- Employees within Bands 5-10 (excluding direct reports) – decision to be made by Director unless recommendation exceeds a 10% increase.
- CLT Direct reports – decision to be made by the Chief Executive.
- Any case where recommendation is for an increase in excess of 10% - 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 Leadership Team, this matter to be submitted to the Committee to determine the Conditions of Employment of Chief & Deputy Chief Officers to consider.

(b) Career Progression Schemes

A number of Career Progression Schemes have been developed and implemented within Services for posts graded within Bands 1-4 only (National Conditions).

Policy is that such schemes allow accelerated incremental progression dependent upon employees achieving specified qualifications and experience and, depending upon the terms of the scheme, may allow two reviews to take place in a one year period.

(c) Salary/Market Supplements

As a general rule, the National and 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.

Policy is that 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. Such a

case currently exists with posts of Social Worker, where there is a National shortage of applicants and the evaluated grade of posts does not compare to recruitment packages at competitor local authorities.

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 Executive Director for Transformation. Contracts of employment should reflect the nature and duration of the salary supplement. All market supplements applied should be kept under review and withdrawn should the recruitment position improve.

(d) Pay Protection

ECC has a pay protection Policy 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 a level of pay within the new substantive grade.

(e) 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 the Single Status Agreement.

In some cases, allowances available under the National Conditions remain in place.

(f) 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.

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

(g) 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.

Such participation is not subject to seniority and depends entirely upon business need.

(h) Lease Car Cash Alternative 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 cash payment as an alternative.

(i) Private Medical Health Insurance

ECC Policy is that employees occupying roles graded at Band 7 and above may receive Private Medical Health Insurance cover. Upon application, cover is provided for employee and spouse or employee and children.

Employees may upgrade to family cover at their own additional expense. Such cover provides a Benefit in Kind and is included in P11D statements resulting in a tax liability for participating employees.

(j) Childcare Vouchers

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

(k) Cycle to Work Scheme

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

11. Chief Officer Salaries 2012/13

The Council Policy on the recruitment of Chief Officers is as detailed at paragraphs 7 and 8 of this Statement.

The salary packages applied to posts of Chief Officer and other designated roles for the financial year 2011/12 are published on the Council website **within the Statement of Accounts**.

12. Appointments to Designated Roles 2012/13

The Council Policy on the recruitment of Chief Officers is as detailed at paragraphs 7 and 8 of this Statement.

13. Early Retirement/Termination of Designated Roles 2012/13

The Council Policy on the termination of Chief Officers 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. Compromise 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.

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Appendix A – Salary Ranges Bands 1 - 13

Grade	Point	Annual £	
NJC/Band 1	4	12144	
	5	12312	
	6	12486	
	Mid Capped	7	12789
	8	13188	
	9	13590	
NJC/Band 2	10	13875	
	11	14733	
	12	15042	
	13	15444	
	Mid Capped	14	15726
	15	16053	
NJC/Band 3	16	16440	
	17	16830	
	18	17163	
	19	17802	
	20	18453	
	Mid Capped	21	19125
NJC/Band 4	22	19623	
	23	20199	
	24	20859	
	25	21519	
	26	22221	
	27	22959	
NJC/Band 4	28	23706	
	29	24645	
	Mid Capped	30	25473
	31	26277	
	32	27051	
	33	27849	

	34	28638
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Band	Minimum	Maximum
Band 5	£28,500	£50,400
Band 6	£35,500	£59,500
Band 7	£46,000	£69,100
Band 8	£55,000	£85,500
Band 9	£66,000	£103,000
Band 10	£78,000	£121,300
Band 11	£94,000	£136,500
Band 12	£98,000	£149,400
Band 13	£135,000	£197,000
Chief Executive	Spot Salary	£210,000