

## COUNCIL

26 MARCH 2019

### REPORT OF DEPUTY CHIEF EXECUTIVE (CORPORATE SERVICES)

#### A.3 PAY POLICY STATEMENT 2019/20 AND PAY ASSIMILATION

(Report prepared by Anastasia Simpson)

#### PART 1 – KEY INFORMATION

##### **PURPOSE OF THE REPORT**

To present a Pay Policy Statement for 2019/20.

##### **EXECUTIVE SUMMARY**

The Localism Act 2011 Section 38 (1) requires the District Council to prepare a pay policy statement each year. The pay policy statement must articulate the Council's approach to a range of issues relating to the pay of its workforce, particularly its senior staff (or 'chief officers') and its lowest paid employees.

The matters that must be included in the statutory Pay Policy Statement are as follows:

- A local authority's policy on the level and elements of remuneration for each Chief Officer.
- A local authority's policy on the remuneration of its lowest-paid employees (together with its definition of "lowest-paid employees" and its reasons for adopting that definition).
- A local authority's policy on the relationship between the remuneration of its Chief Officers and other Officers.
- A local authority's policy on 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.

This statement will be published on the Council's website following each review and approval by Full Council.

The Human Resources and Council Tax Committee reviewed the Pay Policy Statement and report at its meeting held on 20 February 2019. The Committee recommended that Full Council adopted the Pay Policy Statement set out in Appendix A, and that the new Pay Spine that will come into effect on 1 April 2019, be noted.

The Pay Policy Statement 2019/20 has been designed to give an overview of the Council's framework regarding pay and rewards for staff within the Council. This framework is based on the principle of fairness and that rewards should be proportional to the weight of each role and each individual's performance. The framework aims to ensure the ability of the Council to recruit talented individuals whilst reassuring the citizens of Tendring that their money is being used efficiently.

A pay assimilation exercise has been carried out by the Council, to move across to the new nationally agreed pay bands for 2019/20, which has resulted in multiple inflationary variations across the pay scale.

**RECOMMENDATION(S)****IT IS RECOMMENDED TO FULL COUNCIL THAT:-**

- (a) the Pay Policy Statement 2019/20, as set out at Appendix A be adopted; and
- (b) the new Pay Spine that will come into effect from 1 April 2019, as set out in Appendix B, be noted.

**PART 2 – IMPLICATIONS OF THE DECISION****DELIVERING PRIORITIES**

The Council's annual consideration and formal approval of a Pay Policy Statement is part of the Council's governance arrangements and provides transparency for the citizens of Tendring.

**FINANCE, OTHER RESOURCES AND RISK**

The Council has an statutory and contractual obligation to adopt the new NJC pay spine from 1 April 2019. This has been costed and reviewed in line with the existing Tendring District Council grading structure. The original salaries budget for 2018/19 was £15.233m, rising to an estimated £16.421m in 2019/20, an increase of £1,188m. Of this increase £648k can be attributed to the cost of assimilating to the new pay spine (gross pay only). This inflationary change has created implications for the Council's ten year financial plan and full provision to meet these costs has been built into the 2019/20 budget and the ongoing financial forecast.

**LEGAL**

The Council has an obligation to implement the NJC pay spine alongside the approval and publication of an annual Pay Policy Statement in accordance with the provisions of the Localism Act 2011 (Section 38).

**OTHER IMPLICATIONS**

**Consideration has been given to the implications of the proposed decision in respect of the following and any significant issues are set out below.**

**Crime and Disorder / Equality and Diversity / Health Inequalities / Area or Ward affected / Consultation / Public Engagement.**

The new pay spine for 2019/20 gives all employees a minimum inflationary pay rise of 2%. Employees on the lower pay bands will receive inflationary pay rises of between 3%-7% as they move across to the new pay spine. The changes this year have been a result of the changes nationally in relation to the minimum wage and the National Living Wage. With effect from 1<sup>st</sup> April 2019 the National Living Wage will be £8.21 for employees aged over 25 and in the public sector pay, the lowest NJC salary will be £9.00 per hour. Employees that benefit from this increased inflationary rise, include cleaners, theatre staff and leisure attendants. A gender analysis has been undertaken as part of the assimilation exercise.

**PART 3 – SUPPORTING INFORMATION****BACKGROUND – PAY ASSIMILATION 2019/20**

In April 2018, a two year pay agreement was reached between the National Employers and the National NJC Trade Unions on rates of pay applicable from 1 April 2018 and 1 April 2019. The second year of the NJC offer involves moving all employees on to a new pay spine (*which will ensure compliance with the anticipated increase in the legal national minimum wage by 2020*).

Agreements reached by the NJC are 'collective agreements' and if they are incorporated into employees' contracts of employment, then the changes will take effect automatically (*the Conditions of Employment with Tendring District Council in the main, conform to those established for local government generally by the NJC, commonly known as the 'Green Book'*). The new spine will replace entirely the current spine and accordingly employees should assimilate across from their current SCP to the new corresponding SCP in April 2019.

### **New Pay Spine 1 April 2019**

- A bottom rate of £9.00 per hour (£17,364) on new Spinal Column Point (SCP) 1 (equivalent to old SCP's 6 & 7).
- 'Pairing off' old SCP's 6-17 incl. to create new SCP's 1-6 incl.
- Equal steps of 2.0% between each new SCP's 1 to 22 incl. (equivalent to old SCP's 6-28 incl.)
- By creating equal steps between these pay points, new SCP's 10, 13, 16, 18 and 21 are generated to which no old SCP's will assimilate.
- On new SCP's 23 and above (equivalent to old SCP's 29 and above), 2.0% increase on 2018 rate.

By adopting the new NJC pay spine locally, two issues were identified by officers (*other authorities have reported similar issues*):

- The current Grade 3 would lose all potential for progression and become a spot salary.
- The current Grade 5 would be made up of 7 SCP's. This is above the NJC recommendation of a maximum of 6 SCP's in one grade.

The NJC therefore recommended that local employers consider various options and present formal proposals around which there would be local negotiations with a view to reaching agreement. Officers completed work on the assimilation to the new pay spine in October 2018 and submitted proposals to both the Regional Unison Branch and Regional Employers for consideration. Following a series of meetings these proposals were agreed by Tendring District Council, as the 'employer' and UNISON.

The proposals recognise the principle of fairness and that rewards should be proportional to the required skill and expertise of each role. The Regional Employers have determined that officer proposals are sound and fair and UNISON fully support the approach being taken by the Council.

### **The model for Tendring**

The revised grade structure adopts all new SCPs to prevent deviation from the full NJC pay spine, with the adjusted grade boundaries including an additional increment for employees currently at the top of the adjusted grades 3, 4 and 5. This allows for a % increase that is comparable to the NJC proposal throughout.

The proposed model:

- Recognises the NJC proposal and fulfils our obligation to adopt the new pay spine.
- Where possible, pay progression has been built into the revised grade structure.\*

- Minimises disruption to the existing grading structure.

*\* Grade 1c is the only exception having 1 SCP in the new model however the midpoint for this grade has increased by 7.01%.*

The original salaries budget for 2018/19 was £15.233m, rising to an estimate of £16.421m in 2019/20, an increase of £1.188m. Of this increase, £648k can be attributed the cost of assimilating to the new pay spine (*gross pay only*). This figure includes both the permanent staffing establishment and casual workforce. An element of the £648k pay award increase relates to the estimated cost of adjusting grade boundaries for grades 3, 4 and 5. However it is proposed to withhold awarding the new SCP's at the top of these grades until 2020/21, resulting in an anticipated underspend against the base salaries budget of £51k in 2019/20.

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

### Introduction

Following pay assimilation the Pay Policy Statement 2019/20 contains details of the Council's new pay structure with effect from 1 April 2019.

During 2018, there have been other changes to pay including the introduction of the mandatory gender pay reporting, following the introduction of the Equality Act 2010 (Specific Duties and Public Authorities) Regulations 2017 and the implementation of the new allowances scheme for standby, callout and overtime. The new Allowances scheme was introduced in April 2018 and is now fully operational, ensuring that allowances are applied consistently and fairly across the organisation.

The Off-Payroll changes to working in the public sector (IR35) which were fully implemented in 2017 continue to have little impact on the Council in relation to resourcing specialist skills.

### Equality Act 2010 (Specific Duties and Public Authorities ) Regulations 2017

To meet the requirements of the Equality Act 2010 (Specific Duties and Public Authorities) Regulations 2017, before 30 March 2018, the Council published the first snapshot of data including the following:

- The mean gender pay gap
- The median gender pay gap
- The mean bonus gender pay gap
- The median bonus gender pay gap
- The proportion of males and females receiving a bonus payment
- The proportion of males and females in each quartile band

This information was published on the Council's website as well as a designated government website. Three of the above questions, were not applicable, as the Council does not operate bonus schemes for any Officers. The challenge within Tendring District Council and across Great Britain is to eliminate any gender pay gap. If any gaps are determined, as the Council interprets data, an action plan will be prepared.

Early data collation for 2019, indicates the following across the Council:

### Mean Difference Across Gender

*The difference between the male and female mean hourly rate is £0.28. The male mean hourly rate is 2.3% higher than the female mean hourly rate.*

### Median Difference Across Gender

*The difference between the male and female median hourly rate is. £0.87 The female median hourly rate is 8.9% higher than the male median hourly rate.*

### Allowances Review

Following a review it was determined that the majority of allowances would remain and a revised Allowances Policy was introduced in April 2018. The principles of the review included the following:

- Tendring wants to ensure that staff are paid in a consistent way throughout the organisation.
- The organisation wants to compensate staff that provide a contractual out of hour's standby service to meet the Council's statutory duties.
- Tendring wants to ensure that payment structures are fair and sustainable for the future.
- The Council will meet increased financial on-costs associated with overtime and call out payments. This includes an employer pension contribution and payment of accrued holiday pay for regular overtime worked.
- The Council wants to be a responsible employer to meet the health, safety and well-being needs of staff by encouraging the use of TOIL for recovery from working additional hours through the night.

UNISON fully supported the introduction of the new Allowances Policy and the new scheme and payment structure has been introduced across the organisation.

### Statutory Roles Across Tendring District Council

Research was undertaken during 2018 regarding payments for statutory roles. This piece of work involved EELGA asking other employers across the region information regarding payments for statutory Officers. The majority of authorities responded that allowance payments were only made to the Section 151 Officer and the Council's Monitoring Officer. Within Tendring allowance payments are made to the Section 151 Officer and the Council's Monitoring Officer, alongside their deputies.

No other Council's reported payments to other statutory roles, including Safeguarding, Data Protection or the Designated Transport/Fleet Manager. The Council proposes to continue with current payments to existing statutory roles (Monitoring Officer, Section 151 Officer and deputy roles) but allowance payments will not be extended to other statutory duties. Duties will be incorporated into current job descriptions and evaluated in accordance with the NJC Job Evaluation Scheme.

The Council is currently working with EELGA to identify all statutory roles and duties within a District Council and hopes to provide this information over the next few months as Councils across the region update Epaycheck information.

### **BACKGROUND PAPERS FOR THE DECISION**

None

### **APPENDICES**

**APPENDIX A - PAY POLICY STATEMENT 2019/20**

**APPENDIX B – NEW PAY SPINE EFFECTIVE 1 APRIL 2019**