

COUNCIL

28 MARCH 2017

REPORT OF CORPORATE DIRECTOR (CORPORATE SERVICES)

A.5 PAY POLICY STATEMENT 2017/18

(Report prepared by Anastasia Simpson)

PART 1 – KEY INFORMATION

PURPOSE OF THE REPORT

To present a Pay Policy Statement for 2017/18.

EXECUTIVE SUMMARY

Section 38(1) of the Localism Act 2011 requires local authorities to produce a Pay Policy Statement. 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.

The Pay Policy Statement 2017/18 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.

In 2015, the Government introduced a National Living Wage. With effect from 1st April 2017, employees over the age of 25, will receive £7.50 per hour. Employees under this age will receive £7.05 per hour, or £5.60 per hour if aged between 18 to 20.

Although it is recognised that the National Living Wage should be the benchmark for the lowest salaries within the authority, it is proposed that the Council continues to pay staff SCP 8, which will be £7.90 per hour with effect from 1st April 2017 (this equates to £15,246 per annum). This is an additional 40p per hour, above the National Living Wage and will apply to all staff regardless of age.

Employees that will benefit from this additional payment above the National Living Wage include Cleaners, Theatre Staff and Leisure Attendants.

Other changes relating to pay during 2017 include the introduction of mandatory gender pay reporting, following the introduction of The Equality Act 2010 (Specific Duties and Public Authorities) Regulations 2017 and HMRC regulation changes to off payroll payments (IR35).

RECOMMENDATION(S)

(a) That the Pay Policy Statement 2017/18 set out at Appendix A be adopted;

(b) That the costs of applying salary payments from SCP8 on the National Joint Council (NJC) pay spine will be met from existing salary/vacancy provision within budgets.

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 Pay Policy 2017/18 proposes to continue paying the Council's lowest earners a minimum wage of £7.90 per hour. The Council will use vacancy savings to meet the cost of this additional payment to staff, which is 40p per hour above the National Living Wage.

LEGAL

The Council is required to consider and approve 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.

Paying employees above the National Living Wage shows that the Council is demonstrating its role as a community leader and the Pay Policy is designed to ensure that there is a fair and transparent process for pay and rewards.

PART 3 – SUPPORTING INFORMATION

BACKGROUND

Introduction

The Pay Policy Statement 2017/18 is recommending that the National Joint Council (NJC) pay rate, SCP8, £7.90 continues to be paid to support staff employed on the lower pay bands. This equates to £ 15,246 per annum for a full time employee.

The cost of continuing to pay employees above the National Living Wage can be met from vacancy savings across the Council. Employees that benefit from the additional payment include cleaners, theatre staff and leisure attendants.

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

During 2017 the Council is obliged to introduce mandatory gender pay reporting, to meet the requirements of the Equality Act 2010 (Specific Duties and Public Authorities) Regulations 2017. By 30 March 2018, the Council has to publish 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 will be published on the Council's website as well as a designated government website, which has yet to be determined. Three of the above questions, will not be 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.

Off-Payroll working in the public sector (IR35)

From time to time, due to the requirement for particular specialist skills or due to peaks in workloads the Council uses agency workers or consultants, for short term assignments. At the current time, the Council has such workers within Planning and Environmental Services. With effect from 1st April 2017, HMRC has updated the requirements and regulations for off payroll workers within the public sector. From April 2017, individuals working through their own company in the public sector will no longer be responsible for deciding whether the intermediaries' legislation applies and then paying the relevant tax and NIC's. This responsibility will instead move to the public sector employer.

The Council is reviewing the current status of workers with individual agencies and HMRC. It is anticipated that the new regulations will increase the cost of agency workers, if it is determined that they should move across to the Council's payroll. For individual workers, it also makes the public sector a less attractive proposition, which in turn could reduce the talent pool available to the sector.

Salary Sacrifice Schemes

In 2016, the government announced that due to the cost of schemes, it would consult on limiting the advantages of salary sacrifice arrangements, which allows some employers and employees to pay less Income Tax and NICs by replacing cash salary with Benefits in Kind (BiKs). Legislation will be introduced in the Finance Bill 2017. In response to the changes, the Council will continue to operate the following sacrifice schemes:

- Childcare

- Cycle to work
- Car Scheme (ultra low emission cars)

Officers who are currently in salary sacrifice contracts will be protected for the length of that contract.

UNISON has been consulted in relation to the changes within the Pay Policy Statement and supports the actions of the Council in relation to increased pay for staff on the lower pay bands.

BACKGROUND PAPERS FOR THE DECISION

None

APPENDICES

APPENDIX A - PAY POLICY STATEMENT 2017/18
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