

COUNCIL

23 JANUARY 2018

REPORT OF CORPORATE DIRECTOR (CORPORATE SERVICES)

A.4 PAY POLICY STATEMENT 2018/19

(Report prepared by Anastasia Simpson)

PART 1 – KEY INFORMATION

PURPOSE OF THE REPORT

To present a Pay Policy Statement for 2018/19.

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 2018/19 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, receive £7.50 per hour. Employees under this age 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 continues to be £7.90 per hour with effect from 1st April 2018 (this equates to £15,246 per annum).

At the current time the NJC Pay Award 2018/19 is yet to be determined, negotiations between the national employers and unions are on-going. The unions lodged a claim for 5% in June 2017 and in December 2017 the Employer's made a final offer of 2%, with those on lower salaries receiving higher increases. The total increase to the national paybill from this offer is 5.6% over two years (covering the period 1 April 2018 to 31 March 2020).

Other changes relating to pay during 2018 include the introduction of mandatory gender pay reporting, following the introduction of The Equality Act 2010 (Specific Duties and Public Authorities) Regulations 2017 and the design of a new allowances scheme for standby,

callout and overtime. The proposed changes to allowances are currently going through the Council's consultation processes including both individual employees and UNISON, the Council's recognised union.

It is also confirmed that the changes to Off-Payroll working in the public sector (IR35) were completed during 2017. The changes appear to have had little impact on the Council in relation to resourcing specialist skills.

RECOMMENDATION(S)

IT IS RECOMMENDED TO FULL COUNCIL

- (a) That the Pay Policy Statement 2018/19 set out at Appendix A be adopted;**
- (b) That the Council notes that the costs of applying salary payments from SCP8 (£7.90 per hour) 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 2018/19 proposes to continue paying the Council's lowest earners a minimum wage of £7.90 per hour, which is now reflected in the base budget. At the current time the NJC Pay Award 2018/19 is yet to be determined, negotiations between the national employers and unions are on-going. The Council's current budget forecast includes the current offer of 2% and higher increases for those on the lower pay bands in 2018/19. The longer term impact will be reflected in the ten year financial forecast which will be updated shortly.

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 2018/19 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. 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.

Early data collation, indicates the following across the Council:

Mean Difference Across Gender

The difference between the male and female mean hourly rate is £0.50p. The female mean hourly rate is 4.37% higher than the male mean hourly rate.

Median Difference Across Gender

The difference between the male and female median hourly rate is £1.25. The female median hourly rate is 13.63% higher than the male median hourly rate.

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 updated the requirements and regulations for off payroll workers within the public sector. Individuals working through their own company in the public sector were no longer responsible for deciding whether the intermediaries' legislation applies and then paying the relevant tax and NIC's. This responsibility moved to the public sector employer.

The Council has reviewed the current status of workers with individual agencies and HMRC. The changes have not appeared to have any direct impact on the resources and specialist skills required across the Council

Allowances Review

Following a review it was determined that the majority of allowances would remain for 2018/19, however the Council is in the process of a consultation exercise reviewing overtime and standby payments , which aims to ensure that the Council has a fair system of pay and reward across all services. The consultation aims are as follows:

- Tending 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 hours standby service to meet the Council's statutory duties.
- Tending 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 of 16.6% 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.

Consultation is currently taking place with UNISON and Officers across the organisation, with a view to implementing any changes during 2018.

Unison has been consulted in relation to the changes within the pay policy and welcomes the introduction of Gender Pay Reporting and the continuation of paying staff the National Living Wage.

BACKGROUND PAPERS FOR THE DECISION

None

APPENDICES

APPENDIX A - PAY POLICY STATEMENT 2018/19