

22 February 2017		ITEM: 11
Council		
Annual Pay Policy Statement 2017/18		
Wards and communities affected: All	Key Decision: N/A	
Report of: Shane Hebb - Portfolio Holder for Finance and Legal		
Accountable Head of Service: Jan Cox - Strategic Lead HR & OD		
Accountable Director: Jackie Hinchliffe - Director of HR, OD & Transformation		
This report is Public		

Executive Summary

The Localism Act 2011 requires the Council to publish an annual Pay Policy Statement for chief officers. This must be approved by Council by 31st March each year. Like many other local authorities, Thurrock's statement includes a pay policy for all categories of employees which reflects existing employment terms and conditions.

The Council's Single Status Agreement requires the Council to honour the National Joint Council for Local Government (NJC) pay settlement as a minimum for single status staff. In addition, the Council commissions an annual independent market assessment to ensure the Council's reward structure remains competitive and reflects both market and employment trends.

Pay for Senior Managers is governed by the Pay Strategy and Pay Policy for Head of Service and Director Posts agreed in 2009 and determined by an annual independent market assessment. This is an employment contractual requirement which the Council is required to adhere to. The assessment this year recommends a 1% increase in the pay clusters for senior management pay. This is reflective of the year on year increase in senior salaries in the sector. This is the first pay increase for senior bands since 2009, representing a pay freeze value of over £150k.

Recommendations contained in this report reflect those from the independent market assessments conducted by Total Reward Projects Ltd in November 2016 and, for apprentices, the Government's Autumn Statement published in November 2016.

1. Recommendations

- 1.1 The Annual Pay Policy Statement 2017/18 is agreed in line with the Council's obligations under the Localism Act 2011, the Single Status Agreement and the recommendations by the independent market assessment.**
- 1.2 Agreement to continue to pay the UK Living Wage as a supplement to its lowest-paid employees and remain competitive. This rate should rise on 1st April 2017 in line with the Living Wage Foundation's recommended rate of £8.45ph.**

2. Introduction and Background

- 2.1 This report seeks approval of the Council's annual Pay Policy Statement for 2017/18; in particular, the elements of this statement which vary from, or are in addition to, those contained in last year's pay policy.
- 2.2 The proposed statement attached at Appendix 1 was approved by Directors Board on 10 January 2017.

3. Issues, Options and Analysis of Options

- 3.1 The principles of the 2017/18 statement are similar to those in last year's statement. The most recent new developments include the introduction of the Apprenticeship Levy and a recommendation from the independent market assessment to pay a cost of living increase for Senior Managers.
- 3.2 Furthermore the Pay Policy itself has clarified the recruitment authorisation of new permanent and temporary Senior Officer roles and aligned with the Constitution – the appendix now makes clear that Full Council are the authority to commence recruitment for any new Chief Officer role.

4. Independent Pay Reviews

- 4.1 The Council's Single Status Agreement and Pay Strategy and Pay Policy for Senior Managers incorporate an independent market assessment to determine appropriate pay increases. This approach ensures pay levels continue to be fair, transparent and represent good value.

5. National Pay Award for Single Status Employees 2017/18

- 5.1 Under Thurrock's 2006 Single Status Agreement the Council agreed to move away from National Joint Council for Local Government (NJC) pay rates but to continue to honour any pay awards determined through nationally negotiated pay settlements as a minimum.
- 5.2 Pay negotiations between NJC and trade unions for 2016-2018 concluded in May 2016, with an agreement for a two year pay agreement of 1% per annum

with higher increases for the lowest pay points. The draft pay policy reflects the agreed increase.

- 5.3 The Council has set aside £618,000 for the General Fund 2017/18 cost of living pay increase. This allows for pay increases of 1%. The enhanced increases for the council's lower pay points are already covered by the payment of the UK Living Wage.

6. Pay Award for Senior Management 2017/18

- 6.1 In accordance with the Pay Strategy and Pay Policy for Senior Managers the Council has undertaken an annual independent market assessment of senior management pay. This recommends a 1% increase in the pay clusters for senior management pay. This is reflective of the year on year increase in senior salaries in the sector and is the first increase recommended since 2009. In actual terms, this represents a senior management pay freeze value of over £150k, and is the first increase recommended in that time period
- 6.2 The 1% increase in senior salaries represents a cost in the region of £20,000.
- 6.3 Under the restructuring agreed in November 2015 and further efficiencies since, the total costs for senior managers have decreased by over £500k in the last year.

7. The National Minimum Wage and Living Wage

- 7.1 From 1st April 2017 there will be three minimum wage rates:
- i) The National Minimum Wage (NMW) – the legal, minimum hourly rate first introduced in 1999. From 1st April 2017 this will only apply to workers aged under 25.
 - ii) The National Living Wage (NLW) – the legal, minimum wage for workers aged over 24.
 - iii) The UK Living Wage – the rate set independently by the Living Wage Foundation since 2011 and calculated according to the basic cost of living in the UK.

Table 1: List of different minimum wage rates

Band	Pay Point	Band	2016/2017 Salaries	2017/2018 Salary	2017/2018 Rate / hr	Living Wage Supplement	2017/2018 Total Salary				
											2017/2018 £7.50 National Living Wage
1	1	2	£13,905.00	£14,505.00	£7.52	£1,797.00	£16,302.00				
	2		£14,082.00	£14,582.00	£7.56	£1,720.00	£16,302.00				
	3		£14,259.00	£14,759.00	£7.65	£1,543.00	£16,302.00				
	4		£14,436.00	£14,936.00	£7.74	£1,366.00	£16,302.00				
	5		£14,847.00	£15,247.00	£7.90	£1,055.00	£16,302.00				
	6		£15,258.00	£15,633.00	£8.10	£669.00	£16,302.00				
	7		£15,657.00	£15,957.00	£8.27	£345.00	£16,302.00				
	8		£15,801.00	£16,101.00	£8.34	£201.00	£16,302.00				
	9		£15,954.00	£16,254.00	£8.42	£48.00	£16,302.00				2017/2018 £8.45 UK Living Wage
	10		£16,377.00	£16,677.00	£8.64		£16,677.00				
3	11	4	£16,806.00	£17,106.00	£8.87		£17,106.00				
	12		£17,304.00	£17,554.00	£9.10		£17,553.00				
	13		£17,799.00	£18,024.00	£9.34		£18,024.00				
	14		£18,333.00	£18,516.00	£9.60		£18,516.00				
	15		£18,882.00	£19,071.00	£9.88		£19,071.00				

7.2 Table 1 shows where the minimum wage rates would feature on the Council's single status pay scales from 1 April 2017 if the NJC pay award is applied.

7.3 Following the recommendation of the Independent Low Pay Commission, the government will increase the NLW by 4.2% from £7.20 to £7.50 from April 2017.

7.4 The Council has paid the UK Living Wage as a discretionary payment to its lowest-paid employees (excluding apprentices) since April 2013. On 31st October 2016 the Living Wage Foundation recommended an increase from £8.25 to £8.45 per hour. If applied in 2017/18, this would cover all staff on pay points 1-9.

7.5 The UK Living Wage would be payable to 66 FTE corporate staff and 69 FTE school based staff who are on pay points 1 to 9, as support staff in maintained schools fall within the single status pay increase.

7.6 Since 2014 the Council has increased the UK Living Wage on 1st April each year to coincide with the single status pay increase.

8. Apprentices

8.1 At present, the starting pay for Council apprentices is the statutory National Minimum Wage for apprentices, currently set at £3.40 per hour. This current rate was set on 1st October 2016. Thurrock apprentices are paid this rate for six months, after which they progress to the national minimum wage according to their age.

- 8.2 However, according to the Autumn Statement published in November 2016 the Government will introduce a further increase of 3% taking the new apprentice rate to £3.50 effective from April 2017.

Table 2: National Minimum/Living Wage Rates

	Age 25 and over	Age 21 to 24	Age 18 to 20	Age Under 18	Apprentice Rate
Current Rates as of October 2016	£7.20	£6.95	£5.55	£4.00	£3.40
Rates from April 2017	£7.50	£7.05	£5.60	£4.05	£3.50

- 8.3 This arrangement for paying Apprentices continues to attract cross-party support. In 2015/16 members asked for it to continue in future years without the need for further authorisation.
- 8.4 From April 2017, the Apprenticeship Levy will be a levy on UK employers to fund delivery of apprenticeship standards. In England, control of apprenticeship funding will be put in the hands of employers through the Digital Apprenticeship Service. The levy will be charged at a rate of 0.5% of an employer's pay bill, where an employer's pay bill is over £3million. Each employer will receive a yearly allowance of £15,000 to offset against their levy payment.

9. Senior Manager Pay and Responsibilities

- 9.1 Following the introduction of the Local Government Transparency Code in 2014¹, the Council will continue to publish specific details of their senior managers' pay and responsibilities.

10. Consultation with Local Trade Unions

- 10.1 The Council's recognised trade unions were consulted on 21 December and have raised no objections to these proposals.

¹ 'Local Government Transparency Code 2014' published by DCLG: [Transparency Code](#)

11. Implications

11.1 Financial

Implications verified by: **Sean Clark**
Director of Finance & IT

The financial impact of the increase in UK Living Wage, the pay award for single status pay scales, the increase in senior manager pay and the increase in apprentice pay rates have been considered through this report and accounted for during the 2017/18 annual budgeting processes.

11.2 Legal

Implications verified by: **Joseph Pinter**
Principal Solicitor - Employment & Litigation

The legal implications in connection with this report arise from the compliance with the Single Status Agreement and the Pay Strategy and Pay Policy for senior managers and consultation with the trades unions. The recommendations comply with the policy framework and the trades unions have presented no objections.

Sections 38 to 43 of the Localism Act 2011 require Councils to prepare a Pay Policy Statement for each financial year and the Secretary of State, pursuant to section 40, has issued both the original Pay Accountability Guidance in February 2012 and a supplementary guidance in February 2013. The content of this report and the recommendations comply with the Councils responsibilities in this regard.

11.3 Diversity and Equality

Implications verified by: **Rebecca Price**
Strategy & Communications, Community Development

This pay statement implements existing practice and standard protocols set by law and policy and therefore there are no diversity and equality implications arising. The increase in the UK Living Wage and apprentice pay rates will have a positive impact on employees at lower ends of the pay scale.

11.4 Other implications

No other significant implications have been identified.

12. Appendices to this Report

Appendix 1 - Pay Policy Statement 2017/18

REPORT AUTHOR

Jan Cox

Strategic Lead HR & OD