

28 February 2018		ITEM: 10
Council		
Annual Pay Policy Statement 2018/19		
Wards and communities affected: All	Key Decision: N/A	
Report of: Deborah Huelin – Portfolio Holder for Performance and Central Services		
Accountable Assistant Director: 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 Assistant Director and Director Posts agreed in 2009 and determined by the annual independent market assessment. This is an employment contractual requirement which the Council is required to adhere to. The assessment this year recommends a 2% increase in the pay clusters for senior management pay. This is reflective of the year on year increase in senior salaries in the sector.

Recommendations contained in this report reflect those from the independent market assessments conducted by Total Reward Projects Ltd in December 2017 and, for apprentices, the Government's Budget Statement published in November 2017.

1. Recommendation(s)

- 1.1 The Annual Pay Policy Statement 2018/19 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 remove pay points 1 to 4, with pay point 5 becoming the lowest council pay point, set at the UK Living Wage rate of £8.75 ph from 1st April 2018.

1.3 Agreement to pay apprentices the National Minimum/Living Wage appropriate to their age from the start of employment, starting at £4.20 ph for those under 18 from 1st April 2018.

2. Introduction and Background

2.1 This report seeks approval of the Council's annual Pay Policy Statement for 2018/19; 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 13th December 2017.

3. Issues, Options and Analysis of Options

3.1 The principles of the 2018/19 statement are similar to those in last year's statement. The most recent new developments include a recommendation that a 2% increase is applied to Council pay bands 1 to 10, in line with the NJC offer which includes higher increases on the lower NJC pay points resulting in a new bottom NJC pay rate of £8.50ph.

3.2 The Council propose to revise their pay scales with a new bottom rate of £8.75ph; this aligns with the UK Living Wage rate and removes the requirement to pay a supplement.

3.3 Further recommendations are made that apprentice pay rises to the appropriate NMW/NLW rate to their age; there is a separate recommendation from the independent market assessment to pay a 2% increase for Senior Managers.

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 2018/19

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 2018/19 are yet to conclude, however on 5th December 2017 the NJC offered a two year deal with a flat rate increase of 2% for 2018/19 with higher increases for the lowest pay points.

This takes the lowest NJC pay point to £8.50ph. The NJC offer has been translated into the Thurrock pay scales and the draft pay policy reflects the proposed increase.

- 5.3 The Council allocates funding within the MTFs to cover cost of living pay increases.

6. Pay Award for Senior Management 2018/19

- 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 2% 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 only the second increase recommended since 2009.

- 6.2 The 2% increase in senior salaries represents a cost in the region of £37,000.

7. The National Minimum Wage and Living Wage

- 7.1 From 1st April 2018 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 2018 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	2017/18 Salary	Living Wage Supplement	2017/18 Total Salary	2018/19 Salary	2018/19 Rate/hr
1	1		£14,505	£1,797	£16,302		
	2		£14,582	£1,720	£16,302		
	3	2	£14,759	£1,543	£16,302		
	4		£14,936	£1,366	£16,302		
	5		£15,247	£1,055	£16,302	£16,881	£8.75
	6		£15,633	£669	£16,302	£17,094	£8.86
			£15,957	£345	£16,302	£17,442	£9.04
8	8	£16,101	£201	£16,302	£17,556	£9.10	
3	9	9	£16,254	£48	£16,302	£17,712	£9.18
	10	10	£16,677		£16,677	£18,021	£9.34
	11		£17,106		£17,106	£18,174	£9.42
	12	4	£17,553		£17,553	£18,444	£9.56
	13		£18,024		£18,024	£18,675	£9.68
	14		£18,516		£18,516	£19,023	£9.86
	15		£19,071		£19,071	£19,452	£10.08

2018/19 £7.83 NLW

2018/19 £8.50 NJC Start Point

2018/19 £8.75 UKLW

7.2 Table 1 shows where the minimum wage rates would feature on the Council's single status pay scales from 1st April 2018 if the NJC pay award is applied.

7.3 Following the recommendation of the Independent Low Pay Commission, the government will increase the NLW from £7.50 to £7.83 from April 2018.

7.4 The Council has paid the UK Living Wage as a discretionary payment to its lowest paid employees (excluding apprentices) since April 2013, currently payable to 153 FTE corporate and schools based staff.

7.5 Since 2014 the Council has increased the UK Living Wage on 1st April each year to coincide with the single status pay increase. The recommendation is to revise the Council's pay scale with point 5 becoming the new bottom pay point paid at the 2018 UK Living Wage rate of £8.75ph. There is no additional cost to this approach as the Council already pays the UKLW as a discretionary payment to its lowest paid employees (excluding apprentices).

8. Apprentices

8.1 At present, the starting pay for Council apprentices is the statutory National Minimum Wage for apprentices, currently set at £3.50 per hour. Thurrock apprentices are paid at this rate for six months, after which subject to

satisfactory performance, they progress to the national minimum wage according to their age.

- 8.2 However, according to the Budget Statement published in November 2017 the Government will introduce a further increase taking the new apprentice rate to £3.70 effective from April 2018.

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 2017	£7.50	£7.05	£5.60	£4.05	£3.50
Rates from April 2018	£7.83	£7.38	£5.90	£4.20	£3.70

- 8.3 This arrangement for paying apprentices has attracted cross-party support. In 2015/16 members asked for it to continue in future years without the need for further authorisation.

- 8.4 The Council propose to review the current arrangements and pay apprentices the National Minimum/Living Wage appropriate to their age from the start of employment, as an alternative to paying £3.70ph for the first six months of employment from 1st April 2018. The additional cost attached to this proposal is £80,000 based on current apprentice levels including corporate and education.

- 8.5 Since April 2017, the Apprenticeship Levy continues to be a levy on UK employers to fund delivery of apprenticeship standards. In England, control of apprenticeship funding has been put in the hands of employers through the Digital Apprenticeship Service. The levy is charged at a rate of 0.5% of an employer's pay bill, where an employer's pay bill is over £3million. Each employer receives 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 Government's code of practice for transparency in 2014¹, the Council will continue to publish specific details of senior managers' pay and responsibilities.

¹ 'Local Government Transparency Code 2014' published by DCLG: 1
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/360711/Local_Government_Transparency_Code_2014.pdf

10. Consultation with Local Trade Unions

10.1 Consultation with the Council's recognised Trade Unions commenced on 20th December 2017.

11. Implications

11.1 Financial

Implications verified by: **Yetsie Adeboye**
Management Accountant (Central), Corporate Finance

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 2018/19 annual budgeting processes.

11.2 Legal

Implications verified by: **Joe Pinter**
Barrister, Senior Employment Lawyer. Law & Governance

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: **Becky Price**
Community Development Officer, Community Development and Equalities Team

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 the report

Appendix 1 – Pay Policy Statement 2018/19

Report Author:

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