

27 February 2019		ITEM: 10
Council		
Annual Pay Policy Statement 2019/20		
Wards and communities affected: All	Key Decision: N/A	
Report of: Councillor Gary Collins – Portfolio Holder for 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 2018 and, for apprentices, the Government's Budget Statement published in November 2018.

1. Recommendation(s)

- 1.1 The Annual Pay Policy Statement 2019/20 is agreed in line with the Council's obligations under the Localism Act 2011, the Single Status Agreement , the recommendations by the independent market**

assessment and the output of the pay review project (as agreed by GSC on 8 October 2018).

2. Introduction and Background

- 2.1 This report seeks approval of the Council's annual Pay Policy Statement for 2019/20; 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 15th January 2019.

3. Issues, Options and Analysis of Options

- 3.1 The Council's current pay structure for single status staff remains unchanged since implementation of the Single Status agreement in 2006. Under the agreement, 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.
- 3.2 In April 2018 agreement was reached between National Employers and Trade Unions on changes to the NJC pay scales, to come into effect from April 2019. Along with the issues identified by the equal pay audit mean the council must review and change the pay structure. A proposal was approved by General Services Committee on 8 October 2018.
- 3.3 In line with the commitment in the Pay Policy Statement 2018/19 to conduct 'a pay review with the intention of modernising and simplifying current pay arrangements', a review has been undertaken in line with the following agreed principles, this is reflected in the new policy:
- Remove the overlaps between Bands
 - Limit the number of incremental points in each Band in line with the Equalities and Human Rights Commission guidance on having no more than 5 increments (6 points within each Band)
 - Re-establish pay differentials
 - Take account of the UK Living Wage (£8.75 from 1st April 2018)
 - Investigate the pay anomalies identified as part of the Equal Pay Audit
 - Take account of the recommendations with the Gender Pay Gap report, published annually as per the Gender Pay Gap Reporting legislation.
 - Ensure the pay model is underpinned by a robust Job Evaluation scheme
 - Commitment to no reduction in base pay
- 3.4 The pay policy statement includes pay scales with a new bottom rate of £9.06ph and a new structure which removes overlapping grades and will eventually limit incremental points to 6 per grade in line with best practice.

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 2019/20

- 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 the NJC and trade unions for 2018-2020 concluded in April 2018 with an agreement for a two year pay agreement of 2% per annum. This agreement will end in March 2020.
- 5.3 In addition to the 2% increase, agreement was reached in April 2018 to make dramatic changes to the NJC pay structure, introducing new spinal points and combining others to radically alter the structure. As the Council is not bound to honour the rates, we are not proposing to follow these changes, and instead to adopt the changes proposed through the Pay Review Project
- 5.4 The independent pay review commissioned by the council recommends that with effect from 1 April 2019, the council implements a 2% pay increase on its current pay scales for employees in pay bands below the senior structure, with the lowest scales increased to meet the requirements of the Living Wage Commission. The proposed transition to the new pay structure goes beyond these recommendations in order to meet the principles in 3.4, whilst ensuring all employees receive at least 2% more pay in 2019/20 than in 2018/19.
- 5.5 The Council allocates funding within the MTFS to cover pay increases.

6. Pay Award for Senior Management 2019/20

- 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 third increase recommended since 2009.

- 6.2 The 2% increase in senior salaries represents a cost in the region of £57,000.

7. The National Minimum Wage and Living Wage

7.1 From 1st April 2019 there will be three minimum wage rates:

- i) The National Minimum Wage – the legal, minimum hourly rate first introduced in 1999. From 1st April 2017 this will only apply to workers aged under 26 (see paragraph 7.1, table 1 below).
- ii) 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 – £9.00 per hour.
- iii) The National Living Wage – the legal, minimum wage for workers aged over 25 – £8.21 per hour.

7.2 The National Minimum Wage (i) above) will have no effect on pay as it is below the lowest pay point.

7.3 The National Living Wage (iii) above) will have no effect on pay if the Council continues to pay the UK Living Wage or higher.

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 5th November 2018 the Living Wage Foundation recommended an increase from £8.75 to £9.00 per hour. This is below the Thurrock Living Wage (the lowest pay point on our scale) so will have no effect on pay this year.

8. Apprentices

8.1 At present, the starting pay for Council apprentices is the National Minimum/Living Wage appropriate to their age from the start of employment. This was agreed in the 2018/19 pay policy statement, as an increase from paying apprentices the lower apprentice rate for the first six months of their employment.

8.2 It is proposed to continue this approach to apprentices, increasing the rates in line with the rates as shown in Table 1 below.

Table 1: Apprenticeship rates for 2019/20

	Aged 25 and over	Aged 21-24	Aged 18 to 20	Aged under 18	Apprentice Rate
Rates from April 2019	£8.21	£7.70	£6.15	£4.35	£3.90

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.

10. Consultation with Local Trade Unions

- 10.1 Negotiations with the Council's recognised trade unions began in May for each part of the pay review project. In October 2018, General Services Committee agreed to delegate authority to negotiate a new Single Status agreement with Trade Unions to the Director of HR, OD & Transformation in consultation with the Portfolio Holder for Central Services.
- 10.2 Full consultation with the trade unions following GSC has reached the position where they are currently "fully supportive of the changes and have no issues or objections to the content of the pay policy statement."

11. Implications

11.1 Financial

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

The financial impact of the increase in pay rates for single status officers, the increase in senior manager pay and the increase in apprentice pay rates have been considered through this report and accounted for during the 2019/20 annual budgeting processes.

11.2 Legal

Implications verified by: **Paul Field**
Barrister, Senior Employment Lawyer, Law & Governance

In setting out the proposal in this paper, due consideration has been given to:

- Equality Act requirements and compliance
- The requirement under the Localism Act for transparency over the Council's approach to pay.
- Recent high profile equal pay cases successfully brought against councils. ((e.g. Birmingham City Council v Abdulla & others, Armstrong v Glasgow City Council amongst others)

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

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: **Roxanne Scanlon**
**Community Engagement and Project
Monitoring Officer**

This pay statement implements the recommendations approved by General Services Committee and standard protocols set by law and policy and therefore there are no diversity and equality implications arising. The increase to pay above 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 2019/20.

Report Author:

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