

26 February 2020		ITEM: 12
Council		
Annual Pay Policy Statement 2020/21		
Wards and communities affected: All	Key Decision: N/A	
Report of: Cllr Deborah Huelin – Portfolio Holder for Central Services and Communities		
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 Collective Agreement requires the Council to come to a locally agreed decision with the recognised Trade Unions, taking into account the National Joint Council for Local Government (NJC) pay settlement; the annual independent market assessment; budget availability and the UK living Wage as recommended by the Living Wage Foundation.

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 2019 and, for apprentices, the Government's announcement on the 31st December 2019.

1. Recommendation(s)

- 1.1 The Annual Pay Policy Statement 2020/21 is agreed in line with the Council's obligations under the Localism Act 2011, the Collective Agreement, the recommendations by the independent market assessment and the output of the pay review project (as agreed by General Services Committee on 8 October 2018).**

2. Introduction and Background

- 2.1 This report seeks approval of the Council's annual Pay Policy Statement for 2020/21; 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 17th December 2019.

3. Issues, Options and Analysis of Options

- 3.1 The 2019 pay policy statement implemented the recommendations of the pay review project commissioned by Council in 2018. The 2006 single status agreement (and associated pay structure) was replaced with a new Collective Bargaining Agreement signed by the Director of HR, OD & Transformation (under powers delegated by General Services Committee on 8 October 2018) and the three recognised trade unions.
- 3.2 As part of the new agreement the Council introduced a new pay structure for staff that removed overlapping grades and is being phased in over a period of 4 years to eventually limit the number of incremental points in each Grade in line with the Equalities and Human Rights Commission guidance on having no more than 5 increments (6 points within each Grade).
- 3.3 The pay scales included in Appendix 3 reflect year two of this agreement, with a new bottom rate of £9.24 per hour.

4. Independent Pay Reviews

- 4.1 The Council's Collective 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 2020/21

- 5.1 Under Thurrock's 2019 Human Resources Framework Collective Bargaining Agreement, the Council agreed to remove the historical link to National Joint Council for Local Government (NJC) pay rates and for the pay rates to be determined via "a locally agreed decision with reference to the National Negotiating committee (NJC) recommendations, an independent pay review

(commissioned annually by the Council), budget availability and the UK Living Wage”.

- 5.2 Pay negotiations between the NJC and trade unions for 2020-2022 are still in progress with the current expectation is that an agreement will not be reached before the implementation date of 1st April 2020 and negotiations could result in an agreement not being reached until late 2020.
- 5.3 The independent pay review commissioned by the council recommends that with effect from 1 April 2020, the council implements a 2% pay increase on its current pay scales for employees in pay bands below the senior structure.
- 5.4 The Council allocates funding within the MTFS to cover pay increases.

6. Pay Award for Senior Management 2020/21

- 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.
- 6.2 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 fourth increase recommended since 2009.
- 6.3 The 2% increase in senior salaries represents a cost in the region of £60,000; the funding is allocated within the MTFS.

7. The National Minimum Wage and Living Wage

- 7.1 From 1st April 2020 there will be two minimum wage rates:
 - i) The National Minimum Wage – the legal, minimum hourly rate first introduced in 1999. Since 1st April 2017 this has only applied to workers aged under 26 (see paragraph 8.2, Table 1 below).
 - ii) The National Living Wage – the legal, minimum wage for workers aged over 25 – £8.72 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 (ii) above) will have no effect on pay as the Council continues to pay above the National Living Wage.

8. Apprentices

- 8.1 The 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 2020/21

	Aged 25 and over	Aged 21-24	Aged 18 to 20	Aged under 18	Apprentice Rate
Rates from April 2020	£8.72	£8.20	£6.45	£4.55	£4.15

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 2018 for each part of the pay review project. In October 2018, General Services Committee agreed to delegate authority to negotiate a new collective agreement with Trade Unions to the Director of HR, OD & Transformation in consultation with the Portfolio Holder for Central Services. This was signed by all parties in May 2019.
- 10.2 Full consultation with the trade unions on the pay rates contained in Appendix 3 of the pay policy statement has been satisfactorily concluded.

11. Implications

11.1 Financial

Implications verified by: **Sean Clark**
Corporate Director of Finance, Governance & Property

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

The financial impact of the increase in pay rates for 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 2020/21 annual budgeting processes.

11.2 Legal

Implications verified by: **Paul Field**
Solicitor, 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)

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: **Natalie Smith**
Strategic Lead - Community Development

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 apprentice pay rates will have a positive impact.

11.4 Other implications

No other significant implications have been identified.

12. Appendices

Appendix 1 – Pay Policy Statement 2020/21

Report Author:

Andrew Brown, Strategic Lead Pay and Operations, HR, OD & Transformation