

PAY POLICY STATEMENT 2018/19

1.0 Purpose of Report

1.1 To approve the content of the Pay Policy Statement for 2018/19.

2.0 Background Information

2.1 In accordance with Section 38 (1) of the Localism Act 2011, Newark and Sherwood District Council along with all other English and Welsh local authorities were required to produce a Pay Policy Statement for 2012/13 and for each financial year thereafter. In complying with the duties in respect of pay accountability the Council must have regard to any guidance issued or approved by the Secretary of State in summary:

2.1.1 A Pay Policy Statement for a financial year must set out the authority's policies for the financial year relating to:

- the remuneration of the authority's lowest-paid employees (together with a definition of "lowest-paid employees") and the reasons for adopting that definition;
- the relationship between remuneration of Chief Officers and that of other officers (pay multiples); and
- the remuneration of Chief Officers.

2.1.2 The statement should also set out the authority's policies for the financial year relating to:

- a) the levels and elements of remuneration for each Chief Officer;
- b) remuneration of Chief Officers on recruitment;
- c) increases and additions to remuneration for each Chief Officer;
- d) the use of performance related pay for each Chief Officer;
- e) the use of bonuses for each Chief Officer;
- f) the approach to the payment of Chief Officers on their ceasing to hold office under or to be employed by the authority, and
- g) the publication of and access to information relating to remuneration of Chief Officers.

2.1.3 The term 'remuneration' covers:

- a) the salary or the amount payable in the case of Chief Officers engaged by the authority under a contract for services;
- b) payments made by the authority to the Chief Officers for those services;
- c) any bonuses payable by the authority to Chief Officers;
- d) any charges, fees or allowances payable by the authority to Chief Officers;
- e) any benefits in kind to which the Chief Officers are entitled as a result of their office or employment;
- f) any increase in or enhancement of the Chief Officer's pension entitlement where the increase or enhancement is as a result of a resolution of the authority; and
- g) any amounts payable by the authority to the Chief Officer on the Chief Officer ceasing to hold office under or be employed by the authority other than amounts that may be payable by virtue of any enactment.

2.2 Existing legislation already required the Council to publish statements relating to certain elements of officer remuneration, details of which are set out below:

- regulation 7 of the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006 requires an authority to formulate, review and publish its policy on making discretionary payments on early termination of employment;
- regulation 66 of the Local Government Pension Scheme (Administration) Regulations 2008 requires the Council to publish its policy on increasing an employee's total pension scheme membership and on awarding additional pension.

Appropriate links to published policies and information are included within the Pay Policy Statement.

2.3 The Transparency Code also carries specific legal requirements to publish pay multiples, a list of employees with remuneration above £50k (in brackets of £5k), names of employees earning in excess of £150k and a chart for the top 3 tiers of the organisation which includes details regarding levels of responsibility for people/budgets and services.

2.4 Guidance issued by the Department for Communities and Local Government (DCLG) during 2013/2014 set out the arrangements for approval of severance packages in excess of £100,000. The 2014/2015 pay policy statement adopted by the Council included arrangements for approving severance packages over £75,000 and arrangements for delegation regarding Settlement Agreements.

2.5 The DCLG also issued guidance during March 2015 regarding the use of severance agreements and 'off payroll' arrangements. Following receipt of the guidance the policy was updated to include a specific paragraph around the use of 'off payroll' arrangements.

3.0 Proposals

3.1 Summary of Changes to the 2018/19 Pay Policy Statement

Changes to the pay policy statement are summarised below. The statement has been updated to:

- reflect the recent pay offer tabled by the National Employers to the Trades Unions (TU) for officers engaged on NJC terms. Note: The employers side have not yet received requests from the Trades Union (TU) representing Chief Officers engaged on JNC terms, although a request has been received from the TU in respect of Chief Executives engaged on JNC terms (refer to paragraph 3.3.1 below);
- reflect revisions to the Living Wage recommended by the Living Wage Foundation during November 2017 (increase from £8.45 to £8.75 per hour - approved by Policy and Finance committee following discussion on the 22nd February);
- include a statement reflecting the transitional arrangements that have been put in place pending the appointment of a new Chief Executive and replacement of the Director - Communities.

3.1.1 National Pay Scales

A summary of negotiations/consultations that will impact on the contents of the Pay Policy Statement within the financial year in relation to pay negotiations are summarised below.

Pay Negotiations

- NJC (to include Business Managers graded up to NS16 and all other employees of the Council)

The National Employers made a final pay offer covering the period 1 April 2018 to 31 March 2020 on the 5th December 2017. A summary of the final pay offer is included below:

1 April 2018 ('Year One'):

Bottom-Loading on SCPs 6-19 inclusive

The Employers considered it was necessary for higher increases on the lower pay points in order to continue to close the significant gap with the National Living Wage (NLW). Therefore this part of the offer would result in a new bottom rate of £8.50 per hour on SCP6

Increase on SCPs 20 and above

A flat-rate increase of 2.0%

1 April 2019 ('Year Two'):

The Employers offer includes the introduction of a **new** national pay spine. It was agreed that the bottom rate of the new pay spine should not be pegged to the National Living Wage rate but should allow for some 'headroom'. Therefore the offer is for a bottom rate of £9.00 per hour.

In order to deal with the compacting of differentials at the lower end of the spine it is proposed that the existing bottom twelve pay points are 'paired off' into six new pay points.

To further dilute the impact of compacting of the lower pay points, the offer includes 'ironing out' the current random gaps between pay points and having even increments of 2.0% between the new SCPs 1 to 22 inclusive. From SCP23 onwards a flat-rate increase of 2.0% has been applied as well as retention of the current random differentials.

The Council are currently reviewing the implications of the offer to understand what impact it will have on the Council's existing pay and grading arrangements negotiated as part of the single status negotiations. Following completion of the review the likelihood is that the Council will need to re-enter negotiations with the Trades Unions at a local level with a view to introducing revised pay and grading arrangements to take account of the new national pay spine.

- Chief Executive

The National Employers have received a pay claim on behalf of Chief Executives engaged on JNC terms. A summary of the offer is included below:

'pay increases for 1 April 2018 and 1 April 2019 that match whatever is implemented for the generality of staff covered by the National Joint Council for Local Government Services'

In other words, 2.0% + 2.0%. The Employers' side will consider the pay claim at their next meeting scheduled to take place in February.

- Chief Officers (to include Deputy Chief Executive/Directors/Business Managers/Corporate Managers graded NS17)

The National Employers have now received a pay claim for Chief Officers engaged on JNC terms. The claim states that the Trades Unions are seeking "A substantial increase on all salaries and relevant allowances". The claim has been acknowledged and negotiations are now ongoing.

As part of the budget planning process a 2.5% pay increase was included in the budget for the forthcoming year to fund the pay offer and pay information contained within the Pay Policy Statement have been increased by this to reflect the anticipated salary increases.

3.2 Legislative Updates

Members will recall having received updates in relation the Exit Payment Recovery Regulations and the Public Sector Exit Payment Cap in previous years. Further updates are awaited in respect of how and when these will be implemented and the Council will continue to monitor the position to ensure that the statement is updated as necessary once the final regulations/associated guidance documents are published.

3.0 Current Status

A copy of the full Pay Policy Statement including transitional arrangements has been appended to this report for review (refer to Appendix A). Members should note that where the appendices refer to links to other policy documents these will be included once the Pay Policy Statement is published on the Council's website. These policy documents can however be accessed by referring to the current Pay Policy Statement (on the Council's website) which contains the live links.

4.0 Equalities Implications

This policy has been developed with due regard and consideration for other policies, procedures and agreements currently in operation within the Council and follows the completion of an equality impact assessment, details of which are held in Human Resources. Given that the changes proposed to the policy are fairly minimal no adverse implications have been noted.

5.0 Impact on Budget/Policy Framework

The financial effects of the pay policy are included in the Council's budget to be presented to Council on the 8th March 2018.

6.0 Comments of S151 Officer

Refer to comments set out under section 5 of this report.

7.0 RECOMMENDATION

That the Pay Policy Statement for 2018/19 be approved.

Background Papers

Localism Act 2011

The Code of Recommended Practice for Local Authorities on Data Transparency

Localism Act: Openness and accountability in local pay: Guidance under section 40 of the Localism Act. February 2012

Openness and Accountability in Local Pay: Guidance under Section 40 of the Localism Act 2011 – Supplementary Guidance. February 2013

Local Government Transparency Code 2014

DCLG – Use of severance agreements and off payroll arrangements. March 2015

For further information please contact Tracey Mellors on extension 5219.

K H Cole
Acting Chief Executive

T J Mellors
Business Manager – HR, OD and Legal Services