

Harlow Council

Pay Policy

2023/2024

PAY POLICY 2023/24

Introduction and Purpose

1. This Pay Policy Statement sets out the council's approach to pay policy in accordance with the requirements of Section 38 (1) of the Localism Act 2011 which required English and Welsh Councils to produce a Pay Policy Statement from 2012/13¹ and for each financial year thereafter and due regard to the associated Statutory Guidance including the Supplementary Statutory Guidance issued in February 2013 and the Local Government Transparency Code 2014.
2. Section 112 of the Local Government Act 1972 gives local authorities the power to appoint officers on such reasonable terms and conditions as the authority thinks fit, the pay policy sets out how the council exercises this power.
3. The pay policy statement: -
 - Must be approved formally by the Full Council.
 - Must be approved by the end of March each year.
 - May be amended during the course of the financial year.
 - Must be published on the Council's website.
 - Must be complied with
4. The statutory pay policy statement must include the Council's policy on:
 - The level and elements of remuneration for each Chief Officer.
 - The remuneration of its lowest-paid employees (together with its definition of "lowest-paid employees" and its reasons for adopting that definition).
 - The relationship between the remuneration of its Chief Officers and other Officers.
 - Other specific aspects of Chief Officers' remuneration: remuneration on recruitment, increases and additions to remuneration, use of performance-related pay and bonuses, termination payments, and transparency.
5. Remuneration is defined widely, to include not just pay but also charges, fees, allowances, benefits in kind, increases in/enhancements of pension entitlements, and termination payments.

¹ Approved at Cabinet 31 January 2012

6. Local Government, and Harlow Council is going through a period of unprecedented and rapid change as a result of several political, economic, social drivers and challenges, local and national most notable of which in recent years has been the Covid-19 pandemic followed by the cost-of-living crisis. We recognise the need for flexibility to be able to respond to a changing landscape and our pay policy arrangements have been developed to reflect this.
7. The Council proposes to include information on other discretionary policies relating to remuneration and pensions.
8. The discretionary pay policy may include statements: -
 - a) To confirm that the JNC conditions of service for Chief Executives and Chief Officers are incorporated in those Officers' employment contracts and other related local agreements that have been included.
 - b) To confirm what any additional arrangements if any that may not amount to formal terms and conditions, but which relate to a Chief Officer's employment and which are a charge on the public purse. This may include volunteering, membership of external bodies etc.

Legislative Framework

9. Previous legislation already requires Councils to publish statements relating to remuneration: -
 - a) The Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006 requires Councils to formulate, review, and publish its policy on making discretionary payments on early termination of employment.
 - b) The Local Government Pension Scheme (Administration) Regulations 2014 requires Councils to publish its policy on increasing an employee's total pension scheme membership and on awarding additional pension.
 - c) The Local Government (Discretionary Payments) Regulations 1996 (as amended) requires Councils to publish its policy on amount and payment of injury allowances following loss of employment.
10. In determining the pay and remuneration of all its employees. The Council will comply with all relevant employment legislation. This includes the Equality Act 2010, Part Time Employment (Prevention of Less Favourable Treatment) Regulations 2000, Small Business, Enterprise and Employment Act 2015, The Agency Workers (Amendment) Regulations 2019, and where relevant, The Transfer of Undertakings (Protection of Employment) Regulations 2006, The Collective Redundancies and Transfer of Undertakings (Protection of Employment) (Amendment) Regulations 2014 and the Employment Rights (Miscellaneous Amendments) Regulations 2019.

11. With regard to the equal pay requirements contained within the Equality Act, the Council ensures there is no pay discrimination in its pay structures and that all pay differentials are objectively justified using an equality-proofed job evaluation mechanism, which directly relates salaries to the requirements, demands and responsibilities of the role. The Council has committed and is undertaking the analysis of the operation of its current job evaluation process with TU support.

Objectives

12. The Authority clearly recognises the complex, challenging and competing drivers underpinning public sector remuneration, especially at the senior and subject matter specialist levels seeking to be able to recruit and retain high quality staff in a way which is externally competitive and internally fair, whilst acknowledging the financial constraints as pay and benefits are met from public funds.
13. In such a competitive recruitment ‘market’ remuneration levels need to enable the attraction of a suitably wide pool of talent, and the retention of suitably skilled and qualified individuals once in post. It should be recognised that the Council will often be seeking to recruit in competition with other public and private sector employers.
14. This pay policy applies in a consistent way from the lowest to the highest grade. This Pay Policy Statement covers all employees.

Publication of Remuneration Packages

15. The Council will continue to publish the salary ranges covering all employees on the official website for the Council. Where employees have been transferred into the Council under The Transfer of Undertakings (Protection of Employment) Regulations 2006/ The Collective Redundancies and Transfer of Undertakings (Protection of Employment) (Amendment) Regulations 2014 their remuneration packages reflect their protected rates of pay.

Effect of this Policy

16. Nothing in this Pay Policy Statement enables unilateral changes to employees’ terms and conditions of contract. Changes to terms and conditions of employment must follow consultation and negotiation with individuals and recognised trades unions as set out in agreements and in line with legislation.

Council’s General Approach to Remuneration

Posts below Directors (was Head of Service)

17. The majority of the Council’s employees are covered by the National Joint Council for Local Government Services, the National Agreement on Pay and Conditions of Service. This covers the lowest paid (grade 2) through to the Director (was Head of Service) level. Rates of pay for this group are reviewed annually via negotiations between the employer and trade union sides of the National Joint Council following which the council’s pay and grading structure is adjusted to reflect these agreements.

18. The Council does not operate a system of performance related pay currently. All employees, including the lowest paid and Chief Officers move through their salary banding through incremental progression, subject to satisfactory performance.
19. On 2 November 2022 the National Joint Council for Local Government Services pay agreement was confirmed for 2022/2023. The pay agreement was for a flat rate payment of £1,925 on each scale point with effect from 1 April 2022. In addition, the agreement set that from 1 April 2023, all employees covered by this National Agreement, regardless of their current leave entitlement or length of service, will receive a permanent increase of one day (pro rata for part-timers) to their annual leave entitlement alongside the permanent deletion of Spinal Column Point (SCP) 1 from the NJC pay spine.
20. The Council remains committed to adherence with national pay bargaining in respect of the national pay spine and any annual cost of living increases negotiated. The Unions are still finalising their formal pay claim ahead of a submission to the National Joint Council (NJC) expected by the end of January 2023.
21. The Council's pay spine for 2022 commences at national spinal column point, SCP 1, grade 2 £20,505 pa - uplifted due to Living Wage rate agreement to £21028.07- and ends at local SCP 55. After grade 2 it is then divided into a further 18 grades numbered 3 to 20, containing 3 incremental points each. The Council continues with its commitment to the Real Living Wage set by the Living Wage Foundation (see paragraph 24 below).
22. Posts are allocated to a pay grade through a process of job evaluation. The Council uses the NJC for Local Government Job Evaluation Scheme. The Council has committed and is continuing the analysis of the operation of its current job evaluation process with TU support.
23. The lowest paid group of employees are on grade 2 (representing 1.25% of the workforce), their FTE rate of pay was £20,505, £10.63 per hour as at 1 April 2022. The Council having due regard to the "Living Wage", which following the most recent announcement of September 2022, increased the rate by a further £1 per hour to £10.90 per hour. This resulted in a further uplift on the bottom rate increasing the lowest annual salary to £21,028.07 per annum. All roles impacted by the change in the Living Wage Foundation rate including apprentices employed by the Council whose rate of pay from April 2018 has been set to the Living Wage Foundation rate, received this uplift in September 2022. The Council will continue to have due regard to further Living Wage Foundation changes.

24. Allowances are payable for this group, depending on the roles carried out an example being standby allowance. Some are flat rate and others are linked directly to salary. Allowances are uprated in line with relevant pay agreement percentages each year and are reviewed periodically as agreed by the Assistant Director Governance, HR and Legal. These allowances are usually only paid for those on grades up to 20.
25. In exceptional circumstances with appropriate senior management approval the Council may pay a market supplement in addition to the salary for the role where, in the absence of such a payment, it would not be possible to recruit and retain suitable employees. The value of the market supplement considers the labour market pay information for similar jobs. Any market supplements are to be reviewed by management on an annual basis and are varied or cease as necessary according to the labour market evidence for the role in question. Such a supplement is lawful under the Equality Act 2010 where there is evidence to justify that market factors are the “material reason” for the post attracting a higher rate of pay than other posts graded similarly. The Council will review this policy further in 2023/24 to ensure it continues to be effective

Senior Managers (Assistant Directors and above)

26. In determining its grading structure and setting remuneration levels for any posts which fall outside its scope, the Council takes account of the need to ensure value for money in respect of the use of public expenditure, balanced against the need to recruit and retain employees who are able to meet the requirements of providing high quality services to the community, delivered effectively and efficiently and at times at which those services are required.
27. There are 3 increment salary ranges for the roles of Assistant Director and Director posts (save for the additional duties completed by Deputy to the Chief Executive role, see point 30, below) and the Chief Executive, further information is available on the official website.
28. The Deputy to the Chief Executive provides appropriate senior level office cover in the absence/non-availability of the Chief Executive. The functions of this role are in addition to the Director duties required and therefore provide for 2 further increments on the Director salary range for these duties. Where the Deputy to the Chief Executive holds an additional official role i.e. Section 151 Officer, any linked special responsibility allowance is encapsulated within the additional increments payable for deputising for the Chief Executive.
29. Other allowances are not usually paid, apart from Returning Officer remuneration (the Chief Executive) Deputy Returning Officers remuneration (to be appointed) and an allowance to be paid to Directors, an appropriate senior officer as designated, for undertaking the role of Monitoring Officer, or where there is a vacancy and extra duties result.

Assistant Directors and Directors (includes Monitoring Officer and Section 151 Officer).

30. The value of the scale points in the Director's and Assistant Directors grades will be uprated by the pay awards notified from time to time by the National Joint Council for Local Government Services. The 2022 pay award resulted
31. Information on 'Senior Management' responsibilities and remuneration will be published on the Council's website in line with Local Government Transparency Code 2015 and the Accounts and Audit Regulations 2015.

Chief Executive

32. The Joint Negotiating Committee (JNC) for Chief Executives of Local Authorities announced on 28 November 2022 a 1 year pay agreement of £1,925 with effect from 1 April 2022. This pay agreement covers the period 1 April 2022 to 31 March 2023. The value of the scale points in the Chief Executive's grade will be uprated by the pay awards notified from time to time by the Joint Negotiating Committee for Chief Executives of Local Authorities.
33. The Chief Executive also receives a relevant Returning Officer/Deputy Returning Officer fee in respect of District Council, County Council, Parliamentary and European Elections and for other national referenda or elections.
34. National advice states that a Head of Paid Service salary range should not be more than 20 times the FTE salary range of a Band 2 'Green Book' employee. It is the Council's policy that the FTE salary range for the post of Chief Executive will not be greater than the nationally advised level. With the 10.1% increase of the Living Wage by £1 per hour in 2022 for the lowest paid, and the flat rate increase of £1925 on all SCP's being applied to the pay line the pay gap between the lowest paid and Median to the CE rate of pay has closed further down from 4.68 and 7.28 respectfully from the previous year's results.

Pay Multiples.

35.

	2023/24*
Ratio of the Chief Executive's FTE salary to the median FTE salary of the Council (£32,133 inclusive of Living Wage)	4.11:1
Ratio of the Chief Executive's FTE salary to the lowest paid FTE employees (£21,028.07 at £10.90 per hour -Living Wage rate).	6.28:1

*Ratios calculated on current pay rate in January 2023.

Part Time/ Full time.

36. All annual salaries and annual allowances are paid pro rata to part time employees based on the hours contracted to work.

General Principles Applying to Remuneration of Chief Officers and Employees

37. On recruitment, individuals will ordinarily be placed on the lowest scale point within the pay grade for the post to which they are appointed. Appointment to a higher scale point will only be with the approval of the area Assistant Director and Assistant Director Governance, HR & Legal (Chief Executive for senior positions). A relocation allowance may also be granted in certain exceptional cases aligned to HMRC requirements, when new starters need to move to the area, with the approval of the Chief Executive or nominated Officer.
38. Individuals will normally receive an annual increment, in line with their individual terms and conditions of employment, subject to the top of their grade not being exceeded. In exceptional circumstances, individuals will receive accelerated increments with the approval of the area Assistant Director and Assistant Director Governance, HR & Legal subject to the top of their grade not being exceeded.
39. The Council does not apply performance-related pay or bonuses.
40. The minimum point of a pay grade will not be lower than the maximum point of the preceding pay grade.
41. The Chief Executive is appointed by Full Council following selection by the Appointments panel of a minimum of three elected councillors – including the Leader and Opposition Leader and appropriate Cabinet Member as appointed by the Leader. The panel will be advised by the Assistant Director Governance, HR & Legal and relevant external recruitment specialists duly appointed.

Pensions and Termination Payments

42. All employees, with a contract of employment are enrolled into the Local Government Pension Scheme (managed by Essex County Council). Details of contributions rates are set out below, these are set by the Administering Authority ECC. Eligible workers who have opted out of the scheme will be automatically re-enrolled providing they meet the auto enrolment criteria which occurs every three years.

43. The Council has the option to adopt a number of statutory discretions under the: -
 - (a) The Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006.
 - (b) The Local Government Pension Scheme (Administration) Regulations 2014.
 - (c) The Local Government (Discretionary Payments) Regulations 1996 (as amended) (Organisational Change Policy).
44. Current policies are available on the Council's official website. The Council commits to review and revise as necessary, the written policy statements on how it will exercise the various discretions provided by the LGPS scheme. Any discretions are subject to change, either in line with any change in regulations or by due consideration of the Council under the Chief Executive. These provisions do not confer any contractual rights. The Council will exercise discretion to minimise exposure to additional costs. The Council does not augment additional pension membership.
45. The exception to this is the multipliers and calculation of weekly pay used for voluntary and compulsory redundancy payments this policy follows the position adopted by most Councils basing the calculation on 1.5 x actual salary, thus providing up to a maximum of 45 weeks contractual pay. This scheme may be amended from time to time subject to Chief Executive approval.
46. Any severance packages with a value in excess of £100,000 will be approved by Council before they are agreed. This policy applies to severance packages pursuant to a settlement agreement or COT 3 agreement via ACAS. However, it does not apply in relation to the cost of early access to, and/or enhancement of a retirement pension, where the employee's employment is terminated on grounds of ill health.
47. Provisions in the Finance (No.2) Act 2017 changed the rules on the taxation of termination payments to remove the distinction between contractual and non-contractual payments in lieu of notice, effective from April 2018. The Council continues to comply with these requirements. The Council will usually expect notice period to be worked however
48. Employers are liable to pay Class 1A national insurance contributions on termination payments above £30,000 that are subject to income tax by the employee. The Council is fully compliant with this requirement.
49. All employees, including chief officers, who receive a redundancy payment are subject to the Redundancy Payments (Continuity of Employment in Local Government etc) (Modifications) Order 1998.

50. The Council's policies on Flexible Retirement, Organisational Change (subject to update at time of publication) and Redundancy Payments are available on the Council's official website.

Pension Contribution bandings from April 2021

51. Following the Essex Local Government Scheme (LGPS) triennial valuation review in 2019 and subsequent notification the Council changed the current employer's superannuation rate to 20.1% from 1 April 2020, the next review outcome from the actuary is expected in 2023 with the revised rate being implemented once confirmed. In addition annual pay band range adjustments in line with the cost of living are also expected. At the time of going to press no further change/updates have been advised. The following employee contribution rates in accordance with actual pensionable pay continue to apply from April 2022.

<u>Actual Pensionable Pay</u>	<u>Employee</u>	<u>50/50 Section</u>
£0 - £15,000	5.5%	2.75%
£15,001 - £23,600	5.8%	2.9%
£23,601 - £38,300	6.5%	3.25%
£38,301 - £48,500	6.8%	3.4%
£48,501 - £67,900	8.5%	4.25%
£67,901 - £96,200	9.9%	4.95%
£96,201 - £113,400	10.5%	5.25%
£113,401 - £170,100	11.4%	5.7%
More than £170,101	12.5%	6.25%

Allowances (below Directors)

52. Ad hoc allowances are paid as and when a duty is carried out and will be paid monthly in arrears.

53. Where possible allowances will be paid as a monthly allowance, for example where staff follow a set pattern of work.

54. Professional membership fees when associated with the role being undertaken for the Council are reimbursed to employees at the rate of 100% of fees incurred and only one membership per employee is reimbursed in any financial year.

55. In accordance with the People Resource Plan (PRP) (under review in 2023/24) to enhance employee wellbeing and to assist with employee retention it is necessary to consider the total rewards package available to the Council's employees. The Council currently offer many benefits including the Local Government Pension Scheme (LGPS), flexi scheme (for 98 per cent of the Council's employees), childcare vouchers (aligned to government requirements for access), a dedicated Harlow Council employee benefits discount scheme which includes access to a cycle to work scheme and an Employee Assistance Programme (EAP), that provides access to extra support to manage life's

everyday challenges. It offers free, confidential information and support, including counselling and a wellbeing centre by telephone, email, and online to help employees gain a better work-life balance. Over the forthcoming year it is intended to continue to promote the non-cash benefits employees receive and to review its recognition for long service.

Publication of information relating to remuneration and review

56. The Council will publish details of positions with remuneration of £50,000 or above in accordance with the Accounts and Audit Regulations 2015 and the Local Government Transparency Code issued by the Secretary of State for Communities and Local Government.
57. This Pay Policy Statement will be published on the Corporation's public website. If it should be necessary to amend this 2023/24 Policy during the year it applies, an appropriate resolution will be made by Full Council. Any amendments will also be published on the Council's public website.
58. This statement meets the requirements of the: Localism Act 2011; the Department for Communities and Local Government (DCLG) guidance on "Openness and accountability in local pay: Guidance under section 40 of the Localism Act" (including any supplementary Guidance issued); "The Local Government Transparency Code 2015"; and the Accounts and Audit Regulations 2015.
59. From 2018, the Council is required under the Equality Act 2010 to publish information every year showing the pay gap between male and female employees see [Gender Pay Gap Report 2021 \(published March 2022\)](#) for more information.