

# **Harlow Council Pay Policy 2019/2020**

# **PAY POLICY 2019/20**

## **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 2012/13<sup>1</sup> 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.
6. Local Government, and Harlow Council is going through a period of unprecedented and rapid change as a result of a number of political, economic and social drivers and challenges, national and local. 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

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<sup>1</sup> Approved at Cabinet 31 January 2012

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 of 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, The Agency Workers Regulations 2010, and where relevant, Transfer of Undertakings (Protection of Employment) (Amendment) (Regulations) 2014 (TUPE Regulations 2014).
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 through the use of an equality-proofed job evaluation mechanism, which directly relates salaries to the requirements, demands and responsibilities of the role. The Council's pay and grading structures are subject to ongoing review. See 18 below for more detail.

## **Objectives**

12. The Authority clearly recognises the complex, challenging and competing drivers underpinning public sector remuneration, especially at a senior level 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. 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.**

14. 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) (Amendment) (Regulations) 2014 (TUPE Regulations 2014) their remuneration packages reflect their protected rates of pay.

## **Effect of this Policy**

15. 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 Head of Service**

16. The majority of 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 Heads of Service.

Rates of pay for this group are reviewed annually in line with nationally agreed salary increases. On 10 April 2018 a two year pay deal was agreed for staff on NJC Terms and Conditions for the 2018/19 and 2019/20 years respectfully. The pay award had two parts, year one of the agreement bottom loaded SCPs 6-19 with fixed rises of between £1380 (SCP6) - £700, (SCP19), on SCPs 20 and above it provided for an increase of 2%, in order to deal with pressures created by the national living wage. The year one increase was implemented with effect from 1 April 2018. For year two, effective 1 April 2019, the agreement includes the requirement for the introduction of a new pay spine based on a bottom rate of £9.00 per hour (£17,364), the new SCP 1. The Council is already a Living Wage Employer (see 22, below) and was, in 2018/19 already paying above this minimum 2019/20 rate.

17. In 2000 with the implementation of Single Status, a new salary structure

was agreed for 2001 and implemented with trade unions, this continues to be operated today at this time it uses a pay spine that commences at national spinal column point (SCP) 6 (as amended following national union agreement in Oct 2015) and ends at local SCP 57. This pay spine is divided into 15 pay bands, grades containing 3 incremental points numbered 2 to 19.

18. Due to the unprecedented work on the new pay spine being required consideration is being given to the subsequent impacts on this and the grading structure and any relevant changes that may then be required by the Council. The Council will have regard to all NJC approved pay agreements. The Council's grading structure is therefore subject to review and any relevant changes that may then be required by the Council in light of the agreement in place will follow. It therefore continues to work on finalising its proposals as part of its ongoing consultation, and will seek agreement with the recognised trade union with a minimum rise of 2% on all SCPs expected. No final local agreement has yet been made at the time of publication for year two.
19. Posts are allocated to a pay grade through a process of job evaluation. The Council uses the NJC for Local Government Job Evaluation Scheme.
20. The lowest paid group of employees are on grade 2 (representing 0.37% of the workforce), their FTE rate of pay is £17,423, £9.03 per hour. The Council will have regard to the "Living Wage" which following the most recent announcement of November 2018 that increased the rate by 25p per hour to £9.00 per hour meant no further uplift on the bottom rate (£9.03ph) was required given it is ahead of this rate. The only roles impacted by the change in the Living Wage Foundation rate were apprentices employed by the Council whose rate of pay from April 2018 has been set to the Living Wage Foundation rate.
21. A number of allowances are payable for this group, depending on the roles carried out. Some are flat rate and others are linked directly to salary. These allowances are only paid for those on grades up to 19.
22. 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 takes into account the labour market pay information for similar jobs. Any market supplements are to be reviewed 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.

### **Senior Managers (Heads of Service and above)**

23. 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.

24. There are 3 increment salary ranges for Heads of Service (save for the additional duties completed by Deputy to the MD role, see point 26, below), Project Director and the Managing Director, further information is available on the official website.
25. The new role of Deputy to the Managing Director has been created to provide appropriate senior level office cover in the absence/non-availability of the Managing Director. The functions of this role are in addition to the Head of Service duties required and therefore provide for 2 further increments on the Head of Service salary range for these duties. Where the Deputy to the MD 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 Managing Director.
26. No other allowances linked to these positions are paid, apart from Returning Officer remuneration (the Managing Director) Deputy Returning Officer remuneration (to be appointed) and an allowance to be paid currently to one Head of Service, or an appropriate senior officer as designated, for undertaking the role Monitoring Officer.

### **Managing Director**

27. National advice states that a Head of Paid Service salary range should not be more than 20x 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 Managing Director will not be greater than the nationally advised level. The Managing Director's salary is significantly within this multiple.
28. Notwithstanding the above, the value of the scale point in the Managing Director's grade will be updated by the pay awards notified from time to time by the Joint Negotiating Committee for Chief Executives of Local Authorities.
29. The Managing Director also receives a Returning Officer fee in respect of District Council, County Council, Parliamentary and European Elections and for other national referenda or elections.
30. The Joint Negotiating Committee for Chief Officers' pay announced on 8 June 2018 a 2 year pay agreement of 2% year on year on Chief Officer salary. A 2% pay award was implemented in June 2018, backdated to 1 April 2018 and a further 2% will be implemented in April 2019.

### **Heads of Service (includes Monitoring Officer and Section 151 Officer).**

31. The value of the scale points in the Heads of Service's grade will be updated by the pay awards notified from time to time by the National Joint Council for Local Government Services. As part of the 2018/19 and 2019/20 pay agreement this is a 2 year pay deal of 2% year on year.

32. 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.

**Pay Multiples.**

33.

	2018/19
Ratio of the Managing Director’s FTE salary to the median FTE salary of the Council (£28,315 inclusive of Living Wage)	4.68 : 1
Ratio of the Managing Director’s FTE salary to the lowest paid FTE employees (£17,423 at £9.03 per hour above Living Wage rate).	7.61 : 1

**Part Time/ Full time.**

34. 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**

35. 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 Head of Service and HR Manager (Managing Director 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 Managing Director or nominated Officer.
36. 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 Head of Service and HR Manager. Again, this is subject to the top of their grade not being exceeded.
37. The Council does not apply performance-related pay or bonuses.
38. The minimum point of a pay grade will not be lower than the maximum point of the preceding pay grade.

**Pensions and Termination Payments**

39. 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.

40. 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).
41. The policies are available on the Council's official website. In general the Council has chosen not to exercise these options due to the additional costs that would be placed on the Council. One exception relates to the multipliers and calculation of weekly pay used for voluntary and compulsory redundancy payments. The policy follows the position adopted by most Councils.
42. The Council's policies on Flexible Retirement, Organisational Change and Redundancy Payments are available on the Council's official website.

**Pension Contribution bandings from April 2018**

43. The following contribution rates in accordance with full time equivalent salary continue to apply from April 2018. At the time of going to press no further change/updates have been advised, although it does state that the pay band ranges will be increased each April in line with the cost of living, any changes implemented by the Essex LGPS will be followed:-

<u>Actual Pensionable Pay</u>	<u>Employee contribution rate</u>
£0 - £14,100	5.5%
£14,101 - £22,000	5.8%
£22,001 - £35,700	6.5%
£35,701 - £45,200	6.8%
£45,201 - £63,100	8.5%
£63,101 - £89,400	9.9%
£89,401 - £105,200	10.5%
£105,201 - £157,800	11.4%
More than £157,801	12.5%

**Allowances (below Head of Service)**

44. Ad hoc allowances are paid as and when a duty is carried out and will be paid monthly in arrears.
45. Where possible allowances will be paid as a monthly allowance, for example where staff follow a set pattern of work.
46. 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.

47. In accordance with the People Resource Plan (PRP) to enhance employee motivation and 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, flexi scheme (for 98 per cent of the Council's employees), childcare vouchers (where applications were received before their cessation in October 2018), a dedicated Harlow Council employee benefits discount scheme which includes access to the cycle to work scheme and from 2018 an Employee Assistance Programme. Over the forthcoming year it is intended to continue to promote the non-cash benefits employees receive.

### **Review**

48. If it should be necessary to amend this 2019/20 Policy during the year it applies, an appropriate resolution will be made by Full Council.