

# Harlow Council Pay Policy 2020/2021

# **PAY POLICY 2020/21**

## **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.

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

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**

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.
9. 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 (Amendment) Regulations 2019, and where relevant, Transfer of Undertakings (Protection of Employment) (Amendment) (Regulations) 2014 (TUPE Regulations 2014) and the Employment Rights (Miscellaneous Amendments) Regulations 2019. The Council will have due regard for the implementation of regulations associated with the restriction of exit payments in the Public Sector as and when these are required.
  10. 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 has committed and is

undertaking the analysis of the operation of its current job evaluation process with TU support.

### **Objectives**

11. 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.
12. 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.
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.
17. 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. Year two of the agreement, effective 1 April 2019, saw agreement for the introduction of a new pay spine commencing at a SCP 1 rate of £9.00 per hour (£17,364 per annum). The Council as a Living Wage

Employer (see 22, below) was already paying ahead of this so in agreement with the Trade Union provided a 2% increase across the board to all employees commencing its 2019/20 pay line at £9.21 per hour (£17,771 per annum).

18. In 2000 with the implementation of Single Status, a new salary structure was agreed for 2001 and implemented with the trade unions, this continues to be operated with a pay spine that commences at national spinal column point (SCP) 6 (as amended following national union agreement in Oct 2015) and ending at local SCP 57. This pay spine is divided into 15 pay bands, grades containing 3 incremental points numbered 2 to 19. Due to the unprecedented work on the new pay spine being required consideration continues to be given to the subsequent impacts on this and the pay line structure and any relevant changes that may then be required by the Council in light of the agreements already in place will follow.
19. Commitment has been made between the Council and the Trade Union for a new interim pay spine commencing at SCP 1, effective April 2020 to be introduced to finalise implementation of the agreement. Grades are not expected to be widely affected by these changes and will continue to contain 3 incremental points. These changes are only expected to impact a limited number of scale points and linked grades aligned to the agreement and will see the Council continue to work with the Trade Union in their implementation. No employees will see their pay decrease as part of the assimilation to the new scale points.
20. In addition discussions nationally are still ongoing between the National Employers and the Unison NJC Committee for the April 2020 pay claim. The Unison NJC Committee issued a pay claim for the year 2020/21 to the National Employers on 30 April 2019 for an award of *"10% or £10 per hour, whichever is the greater"*. The National Employers responded in November 2019 stating they would await the outcome of the general election before responding to the pay claim. At the time of going to press no further update on these discussions has been received. The Council continues to commit to have regard to all NJC approved pay agreements.
21. 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 undertaking the analysis of the operation of its current job evaluation process with TU support.
22. The lowest paid group of employees are on grade 2 (representing 0.48% of the workforce), their FTE rate of pay was £17,771, £9.21 per hour as at 1 April 2019. The Council having due regard to the "Living Wage", which following the most recent announcement of November 2019, increased the rate by 30p per hour to £9.30 per hour resulted in a further uplift on the bottom rate of 9p per hour changing the lowest annual salary to £17,941 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

November 2019. The Council will continue to have due regard to Living Wage changes.

23. 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.
24. 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)**

25. 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.
26. There are 3 increment salary ranges for Heads of Service (save for the additional duties completed by Deputy to the Chief Executive role, see point 27, below) and the Chief Executive, further information is available on the official website.
27. 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 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 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.
28. No other allowances linked to these positions are paid, apart from Returning Officer remuneration (the Chief Executive) 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.

### **Chief Executive**

29. 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. The Chief Executive's salary is significantly within this multiple.

30. Notwithstanding the above, the value of the scale point in the Chief Executive'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.
31. 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.
32. The Joint Negotiating Committee for Chief Officers' pay announced on 8 June 2018 a 2 year pay agreement a further 2% was implemented in April 2019. No further update has been received for 2020; the Council will continue to have due regard to any further Joint Negotiating Committee for Chief Officers' pay agreement for 2020, as applicable.

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

33. 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. The 2020 pay claim is still being discussed, see paragraph 20 for more detail.
34. 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.**

35.

	2019/20
Ratio of the Chief Executive's FTE salary to the median FTE salary of the Council (£28,881 inclusive of Living Wage)	4.68 : 1
Ratio of the Chief Executive's FTE salary to the lowest paid FTE employees (£17,941 at £9.30 per hour - Living Wage rate).	7.54 : 1

**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 Head of Service and HR Manager (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 Head of Service and HR Manager. Again, this is 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.

### **Pensions and Termination Payments**

41. 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.
  42. 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).
  43. 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. These provisions do not confer any contractual rights. The Council will exercise discretion to minimise exposure to additional costs. 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.
  44. The Council's policies on Flexible Retirement, Organisational Change and Redundancy Payments are available on the Council's official website.
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## **Pension Contribution bandings from April 2020**

45. Following the Essex Local Government Scheme (LGPS) triennial valuation review the Council has been notified that the current employer's superannuation rate of 16.3% is expected to change to 20.1% from 1 April 2020. The following employee contribution rates in accordance with actual pensionable pay continue to apply from April 2019. At the time of going to press no further change/updates have been advised, although Essex LGPS advise generally that pay band ranges will be increased each April in line with the cost of living. Any changes implemented by Essex LGPS will be followed:-

<u>Actual Pensionable Pay</u>	<u>Employee contribution rate</u>	<u>50/50 Section</u>
£0 - £14,400	5.5%	2.75%
£14,401 - £22,500	5.8%	2.9%
£22,501 - £36,500	6.5%	3.25%
£36,501 - £46,200	6.8%	3.4%
£46,201 - £64,600	8.5%	4.25%
£64,601 - £91,500	9.9%	4.95%
£91,501 - £107,700	10.5%	5.25%
£107,701 - £161,500	11.4%	5.7%
More than £161,501	12.5%	6.25%

## **Allowances (below Head of Service)**

46. Ad hoc allowances are paid as and when a duty is carried out and will be paid monthly in arrears.
47. Where possible allowances will be paid as a monthly allowance, for example where staff follow a set pattern of work.
48. 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.
49. In accordance with the People Resource Plan (PRP) 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 other services 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.

## **Review**

50. If it should be necessary to amend this 2020/21 Policy during the year it applies, an appropriate resolution will be made by Full Council.