

Harlow Council Pay Policy 2022/2023

PAY POLICY 2022/23

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.
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, social drivers and challenges, national and local most notable of

¹ Approved at Cabinet 31 January 2012

which has been the Covid-19 pandemic. 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 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, Small Business, Enterprise and Employment Act 2015, 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 Restriction of Public Sector Exit Payments Regulations 2020 (see 46 below).
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 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) (Amendment) (Regulations) 2014 (TUPE 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 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 at this time. All employees, including the lowest paid and Chief Officers move through their salary banding through incremental progression, subject to satisfactory performance.

19. On 27 July 2021 a one year final offer pay award of 1.75% was made by the National Employers to those on NJC Terms and Conditions for the majority of staff (2.75% for the very lowest paid grades - not applicable to Council employees as Living Wage status sets the Council's pay rates above) backdated to 1 April 2021 for the year 2021/22. This was rejected by the three NJC Unions and ballots for strike action followed in late 2021. Confirmation from Unison NJC Committee on 14 January 2022 advised that they would not proceed to industrial action however, the outcomes of the GMB and Unite ballot have not yet been finalised. The pay award for 2021/22 is still pending no agreement has yet been made. Given this position discussions for 2022/23 have not yet commenced.
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.
21. The Council's pay spine currently commences at national spinal column point, SCP 1, grade 2 £18,260 pa - uplifted due to Living Wage rate agreement to £19,098.89 - 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 undertaking 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 1.71% of the workforce), their FTE rate of pay was £18,260, £9.46 per hour as at 1 April 2020 (after August 2020 implementation), pay award pending. The Council having due regard to the "Living Wage", which following the most recent announcement of November 2021, increased the rate by a further 40p per hour (after the increase to £9.50 per hour in November 2020) to £9.90 per hour. This resulted in a further uplift on the bottom rate of changing the lowest annual salary to £19,098.89 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 2021. The Council will continue to have due regard to further Living Wage Foundation changes.

24. 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 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 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. The Council will review this policy in 2022/23 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. During 2021/22 it was necessary there was a need to re-align resources at the council as a result of changing priorities and to enable agility particularly at the most senior levels in the council. The Council was currently suffering significant issues with the recruitment to vacant posts across its services and particularly at a senior level. There had been a widening of the pay gap between Heads of Service at Tier Two and their direct reports at Tier Three as a result of previous restructuring and downsizing in the historic Corporate Management Team (CMT). In conjunction with these changes, additional responsibilities taken on by a smaller management team at Tier Two was hampering the ability to accommodate strategic work. As a result of consultation with staff and the local trade union, supported by EELGA a new tier of Assistant Director was introduced to the organisation on 1 January 2022 following a realignment of the Services and reporting into the Director – previous Head of Service - roles.
28. There are 3 increment salary ranges for new 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.
29. 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.

30. Other allowances are not usually 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 Director, or an appropriate senior officer as designated, for undertaking the role Monitoring Officer.

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

31. 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 2021 pay claim is still being discussed, see paragraph 22 for more detail.
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.

Chief Executive

33. 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. Notwithstanding the above, the value of the scale point 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.
34. 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.
35. The Joint Negotiating Committee for Chief Executives and Chief Officers have been offered a full and final offer of 1.5% (covering the period 1 April 2021 – 31 March 2022), on which the staff sides of both groups have rejected. We await further announcements from them about next steps; the Council will continue to have due regard to any further Joint Negotiating Committee for Chief Officers' pay agreement(s) for 2021/22 and 2022/23, as applicable.

Pay Multiples.

36.

| | 2022/23* |
|-------------------------------------------------------------------------------------------------------------------------------|----------|
| Ratio of the Chief Executive's FTE salary to the median FTE salary of the Council (£29,688 inclusive of Living Wage) | 4.68 : 1 |
| Ratio of the Chief Executive's FTE salary to the lowest paid FTE employees (£19,098.89 at £9.90 per hour - Living Wage rate). | 7.28 : 1 |

*Pay Award pending at time of publication, ratios calculated on current pay rate in January 2022.

Part Time/ Full time.

37. 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

38. 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 Assistant Director 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.
39. 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 Assistant Directors and HR Manager. Again, this is subject to the top of their grade not being exceeded.
40. The Council does not apply performance-related pay or bonuses.
41. The minimum point of a pay grade will not be lower than the maximum point of the preceding pay grade.

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.

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. This scheme may be amended from time to time subject to Chief Executive approval.
46. The Council's policies on Flexible Retirement (subject to review at time of publication), Organisational Change and Redundancy Payments are available on the Council's official website. Since the publication and agreement of the last Pay Policy (2021/22) the Restriction of Public Sector Exit Payments Regulations 2020 (which had come into force on 4 November 2020), were revoked by Government on 19 March 2021. The Council had no affected cases.

Pension Contribution bandings from April 2021

47. 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, this is expected to remain in place until March 2023. The following employee contribution rates in accordance with actual pensionable pay continue to apply from April 2022. 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 - £14,600 | 5.5% | 2.75% |
| £14,601 - £22,900 | 5.8% | 2.9% |
| £22,901 - £37,200 | 6.5% | 3.25% |
| £37,201 - £47,100 | 6.8% | 3.4% |
| £47,101 - £65,900 | 8.5% | 4.25% |
| £65,901 - £93,400 | 9.9% | 4.95% |
| £93,401 - £110,000 | 10.5% | 5.25% |
| £110,501 - £165,000 | 11.4% | 5.7% |
| More than £165,101 | 12.5% | 6.25% |

Allowances (below Directors)

48. Ad hoc allowances are paid as and when a duty is carried out and will be paid monthly in arrears.
49. Where possible allowances will be paid as a monthly allowance, for example where staff follow a set pattern of work.
50. 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.

51. 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 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.

Publication of information relating to remuneration and review

52. 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.
53. This Pay Policy Statement will be published on the Corporation's public website. If it should be necessary to amend this 2022/23 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.
54. 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.
55. 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. The organisation's most recent report was published in March 2021, and showed a diminution in the mean and median hourly-rate gender pay gap and an increase in the proportion of women in the upper quartile of employees by pay rates.