

AGENDA ITEM 11

FULL COUNCIL

27 APRIL 2016

REPORT OF HEAD OF COMMUNICATIONS

PAY POLICY STATEMENT

1.0 PURPOSE OF REPORT

- 1.1 To gain approval for the 2016/17 Annual Pay Policy Statement so that it can be published in line with the requirements of the Localism Act 2011.
- 1.2 To advise of changes to the Pay Policy from 2017/18 in relation to the Living Wage as recommended by Budget and Strategic Working Group and approved by Policy Finance and Administration Committee

2.0 RECOMMENDATIONS

- 2.1 **That the attached Pay Policy Statement for 2016/17 be approved.**
- 2.2 **That it be noted the Pay Policy for 2017/18 will acknowledge the National Living Wage to replace the Living Wage Foundation rate.**

3.0 KEY ISSUES

- 3.1 The Localism Act 2011 requires the Council to prepare a Pay Policy Statement each year.
- 3.2 The Pay Policy Statement must articulate the Council's approach to a range of issues relating to the pay of its workforce.
- 3.3 This is the fifth year that the Pay Policy Statement has been prepared. The policy reflects the recent national pay negotiations and the changes to the pay spine as a result however there are no significant changes to the policy statement from the previous years.
- 3.4 From 1 April 2016 the Government have introduced a new National Living Wage. Since 1 April 2013 the Council has been paying employees the rate equivalent to the rate recommended by the Living Wage Foundation. The Budget and Strategic Planning Working Group requested that predictions were made over the next five years to calculate the predicted cost of implementing both the new National Living Wage and retaining the Living Wage Foundation rate. The cost of implementing the Living Wage over the period 2016/17 to 2020/21 is estimated as £153k compared to the National Living Wage of approx. £40K.
- 3.5 The Policy Finance and Administration Committee considered a report on 13 April 2016 seeking to amend the Pay Policy from 2017/18. It was approved that from 1 April 2017 the Council will acknowledge and pay the National Living Wage as a replacement to the Living Wage Foundation rate currently being paid to employees. It was also approved that this arrangement would apply to all employees with the exception to those on approved apprenticeship programmes and not just over 25 years old as required under the legislation.

4.0 POLICY AND CORPORATE IMPLICATIONS

- 4.1 There are no direct Policy and Corporate implications of approving the Pay Policy Statement for 2016/17.

4.2 In order to facilitate the recommendations from the PF and A Committee on 13 April 2016, the Pay Policy for 2017/18 will need to be revised and brought back to Full Council for approval later in the year.

4.3 It is anticipated there will be pay differentials for staff. This will require further consideration and review of the current salary bands. It is expected there may be national guidelines and /or guidance to address this issue. However, in the absence of national guidelines or to supplement them, local work will be undertaken in consultation with the recognised trade unions at the appropriate time.

5.0 FINANCIAL AND OTHER RESOURCE IMPLICATIONS

5.1 Payroll predictions based on the estimated rates and even progression show the potential cost of the increased rates on the authority :

National Living Wage

	2016-17	2017-18	2018-19	2019-20	2020-21
	£	£	£	£	£
Gen Fund	2,267.81	4,646.11	9,535.79	18,817.52	28,721.95
HRA	1,458.87	3,260.34	5,096.99	8,438.41	11,499.91
Total	3,726.68	7,906.45	14,632.78	27,255.93	40,221.86

Living Wage Foundation rate

	2016-17	2017-18	2018-19	2019-20	2020-21
	£	£	£	£	£
Gen Fund	4,012.28	16,066.10	34,552.56	69,936.64	109,314.96
HRA	2,999.24	7,053.98	14,291.02	27,931.41	43,422.51
Total	7,011.53	23,120.08	48,843.58	97,868.05	152,737.47

Differential

	2016-17	2017-18	2018-19	2019-20	2020-21
	£	£	£	£	£
	3,284.85	15,213.63	34,210.80	70,612.32	112,515.61

5.2 The impact of the National Living Wage has already been built into the Medium Term Financial Strategy. The estimated cost of implementing the Living Wage Foundation rate (estimated at being £10.30 per hour by 2020) is shown in the differential table and is estimated at an extra £112k over four years over the national living wage and would therefore if continued to be paid increase the current deficit shown in the MTFS significantly.

6.0 LEGAL IMPLICATIONS/POWERS

6.1 There are no direct legal implications to this Pay Policy. It is a legal requirement for this Pay Policy to be produced and reported to Council. The payment of the National Living wage is a statutory requirement for staff over 25 years of age.

7.0 COMMUNITY SAFETY

7.1 There are no direct community safety implications to this report.

8.0 EQUALITIES

8.1 The equality issues of this Pay Policy have been considered as part of the individual policies and agreements that make up the statement where applicable.

9.0 **RISKS**

9.1 There are no direct risks to this Policy.

10.0 **CLIMATE CHANGE**

10.1 There are no climate change risks to this Policy.

11.0 **CONSULTATION**

11.1 Management Team and Joint Staff Working Group (including recognised Trade Union representatives) have been previously consulted on policies included in this statement.

12.0 **WARDS AFFECTED**

12.1 All

Contact Officer A Roberts, Head of Communications
Date: April 2016

Appendices : Appendix A Pay Policy Statement

Background Papers: PFA report 13 April 2016

Reference : X : Committees\Council\27 April\AT Pay Policy