

27 January 2016		ITEM: 12
Council		
Annual Pay Policy Statement 2016/17		
Wards and communities affected: N/A	Key Decision: N/A	
Report of: Councillor J Kent, Leader of the Council		
Accountable Head of Service: NA		
Accountable Director: Jackie Hinchliffe – Director of HR, OD & Transformation		
This report is Public		

Executive Summary

The Localism Act 2011 requires the Council to publish an annual Pay Policy Statement for chief officers. This must be approved by Council by 31 March each year. Like many other local authorities, Thurrock's statement includes a pay policy for all categories of employee. Council are asked to consider and approve the 2016/17 Pay Policy Statement.

1. Recommendations

- 1.1 The cost of living pay award for single status staff for 2016/17 should continue to reflect any award agreed by the NJC.**
- 1.2 Senior management should receive no cost of living pay award for 2016/17.**
- 1.3 The Council should continue to pay the UK Living Wage as a supplement to its lowest-paid employees, and that this rate should rise on 1 April 2016 in line with the Living Wage Foundation's recommended rate of £8.25ph.**

2. Introduction and Background

- 2.1 This report seeks approval of the Council's annual Pay Policy Statement for 2016/17; in particular, the elements of this statement which vary from, or are in addition to, those contained in last year's pay policy.
- 2.2 The proposed statement attached at Appendix 1 was approved at Directors' Board on 12 January 2016.

3. Issues, Options and Analysis of Options

The principles of the 2016/17 statement are similar to those in last year's statement. The only new development is the introduction of the statutory National Living Wage in April 2016, which is explained in Section 6 below.

4. National Pay Award for Single Status Employees 2016/17

4.1 Under Thurrock's 2006 Single Status Agreement the Council agreed to move away from National Joint Council for Local Government (NJC) pay rates but to continue to honour any pay awards determined through nationally negotiated pay settlements as a minimum.

4.2 Pay negotiations between the NJC and trade unions for 2016/17 are on-going.

4.3 The Council has set aside £652,000 for a 2016/17 cost of living pay increase. This would allow for pay rises of up to 1%. For the purposes of this document a 1% increase is assumed. The actual, agreed rate can be applied to the Pay Policy Statement as soon as national pay negotiations have been concluded.

5. Pay Award for Senior Management 2016/17

5.1 An independent market assessment of senior management pay undertaken in December 2015 has recommended that there should be no cost of living pay award for senior managers in 2016/17. This will be the seventh year since senior management pay rates were last increased; representing an avoided increase of 5% with a value of circa £130K.

5.2 Members are reminded that under a restructuring, agreed by Council in November 2015, the number of senior managers has been further reduced by 3 (14%), saving £430k. This will contribute towards meeting the forecasted deficit in 2016/17, and should be seen in the context of previously reported reductions in the cost of senior management totalling circa £1m.

6. The Minimum Wage

6.1 From 1 April 2016 there will be three minimum wage rates:

- i) The National Minimum Wage – the legal, minimum hourly rate first introduced in 1999. From 1 April 2016 this will only apply to workers aged under 26.
- ii) The UK Living Wage – the rate set by the Living Wage Foundation since 2011 and calculated according to the basic cost of living in the UK.
- iii) The National Living Wage – the legal, minimum wage for workers aged over 25, to be introduced on 1 April 2016.

6.2 Table 1 shows where these three minimum wage rates would feature on the Council's single status pay scale from 1 April 2016 if a 1% pay increase were agreed.

6.3 The National Minimum Wage ((i) above) will have no effect on pay as it is below pay point 1.

6.4 The National Living Wage ((iii) above) will have no effect on pay if the Council continues to pay the UK Living Wage.

Table 1

Pt	Band	Band	2016/17 (1% incr)	Hourly rate	
					Statutory national minimum wage for age 21+ £6.70
1	1		13,134	6.81	
2			13,314	6.90	
3		2	13,494	6.99	
4			13,671	7.09	Statutory national living wage for over 25s £7.20
5			14,085	7.30	
6			14,502	7.52	
7			14,904	7.73	
8	3		15,354	7.96	
9			15,810	8.19	UK Living Wage £8.25
10			16,290	8.44	
11			16,770	8.69	
12		4	17,274	8.95	
13			17,796	9.22	

6.5 The Council has paid the UK Living Wage as a discretionary payment to its lowest-paid employees (excluding apprentices) since April 2013. On 31 October 2015 the Living Wage Foundation recommended an increase from £7.85 to £8.25 per hour. If applied in 2016/17, this would cover all staff on pay points 1-9 (it currently applies to points 1-7).

6.6 It would be payable to 53 FTE corporate staff, plus 85 FTE school-based employees who are on points 1 to 9, as support staff in maintained schools fall within the single status pay arrangements.

6.7 Since 2014 the Council has increased the UK Living Wage on 1 April each year to coincide with the single status pay increase.

6.8 Alternatives to paying the £8.25 UK Living Wage (in order of decreasing cost) include:

- i) Continuing with the current, 2014/15 living wage of £7.85 into 2016/17.
- ii) Paying the new National Living Wage to all staff on pay points 1-4, and the UK Living Wage to all staff on points 5-9.
- iii) Paying staff on points 1-4 new National Living Wage if over 25 and the National Minimum Wage if under 26.

6.9 Payment of the living wage is becoming increasingly common by organisations in all sectors. It is seen by many as being morally right that employees should be able to afford the basic cost of living. It remains an affordable option to

Thurrock and projects the Council as a good employer in a borough where 80% of the workforce are residents.

- 6.10 It should be noted that the LGA have recently expressed serious concerns about the Government's intention to increase the National Living Wage to £9.00 ph by 2020. The LGA have described this as a 'pay nightmare' owing to the unprecedented rate of increase planned. This has the potential to create difficulties with regard to affordability, single status and outsourced contracts. These considerations will be taken into account as part of the Council's on-going pay review.

7. Apprentices

- 7.1 At present, the starting pay for Council apprentices is the statutory National Minimum Wage for apprentices, currently set at £3.30 per hour. This rate is reviewed on 1st October each year. Thurrock apprentices are paid this rate for six months, after which they progress to the national minimum wage according to their age, as follows:-

	Age 21 and over	Age 18 to 20	Age under 18	Apprentice Rate
Rates for Oct 2015 - Oct 2016	£6.70	£5.30	£3.87	£3.30

- 7.2 This arrangement attracts cross-party support. In 2015/16 members asked for it to continue in future years without the need for further authorisation.

8. Independent Pay Reviews

In order to ensure that pay levels continue to be fair and represent good value, it is recommended that the council continues to commission annual, independent market reviews into the pay rates of single status employees and senior managers.

9. Senior Manager Pay and Responsibilities

Following the introduction of the Local Government Transparency Code in 2014¹, the Council will continue to publish specific details of their senior managers' pay and responsibilities.

10. Consultation with Local Trade Unions

The Council's recognised trade unions were consulted on 11 November and have raised no objections to these proposals.

¹ 'Local Government Transparency Code 2014' published by DCLG: [Transparency Code](#)

11. Implications

11.1 Financial

Implications verified by: **Sean Clark**
Director of Finance & IT

The financial impact of the increase in the UK Living Wage, the pay award for single status pay scales and the increase in apprentice pay rates has been considered through this report and has been accounted for during the 2016/17 annual budgeting processes.

11.2 Legal

Implications verified by: **Chris Pickering**
Principal Solicitor - Employment & Litigation

The legal implications in connection with this report arise from consultation with trade unions which has been considered throughout. It is therefore noted that the trades unions presented no objections to these proposals.

11.3 Diversity and Equality

Implications verified by: **Rebecca Price**
Strategy & Communications, Community Development

This pay statement is mostly confirmation of either existing practice or standard protocols set by law and therefore there are no diversity and equality implications arising. The increases in the UK Living Wage and apprentice pay rates are both likely to have a positive impact on employees at lower ends of the pay scale.

11.4 Other implications (where significant) – i.e. Staff, Health, Sustainability, Crime and Disorder)

No other significant risks have been identified.

12. Appendices to the report

Appendix 1 - Pay Policy Statement 2016/17

Report Author:

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