

The Vale of Glamorgan Council

Cabinet Meeting: 8 February, 2016

Report of the Leader

National Living Wage/Employee Pay Policy 2016/17

Purpose of the Report

1. To ask Cabinet to approve interim changes to the current NJC Pay Scale in the light of the implementation of the National Living Wage from 1st April 2016 and separately to consider and endorse the Council's Pay Policy for 2016/17 prior to its submission to Council for consideration and approval.

Recommendations

1. To approve interim changes to spinal column points 6, 7 and 8 of the National Joint Council 'Green Book' pay spine as from the 1st April 2016 in the absence of the outcome of the current NJC Pay Negotiations as set out in paragraphs 10 to 15.
2. To note the required changes to the Council's Pay Policy for 2016/17 as set out in this report (including those anticipated as a result of the approval of recommendation 1 above) and as incorporated in the revised statement at [Appendix A](#).
3. To endorse the Pay Policy and refer it for consideration by Scrutiny Committee (Corporate Resources) on the 9th February 2016 and for final consideration and approval by Council on the 2nd March 2016.

Reasons for the Recommendations

1. To accommodate those changes required as a result of the implementation of the UK National Living Wage as from the 1st April 2016.
2. To respond to the legal requirement under the Standing Orders (Wales) Amendment Regulations 2014, the Local Government (Wales) Act 2015 and related advice from Welsh Government.
3. To respond to the legal requirement under the Localism Act and to provide openness and accountability in how the Council rewards its staff.

Background

2. On 1st April 2016 the National Living Wage will be introduced at a rate of £7.20 per hour which will mean that the current bottom three pay points on the 'Green Book'

pay spine will be below the statutory minimum level. The current hourly rate of SCP6 is £7.06 (£13,614), SCP7 is £7.11 (£13,715) and SCP8 is £7.19 (£13,871).

3. The incorporation of the new National Living Wage as part of the NJC pay spine is currently subject to discussion between the National Employers and Unions and as part of the 2016 pay negotiations. The indications are, however that an agreement may not be reached prior to the end of the current financial year.
4. The advice from the National Employers is therefore to begin making preparations for employees on SCPs 6, 7 and 8 to have their pay increased in accordance with the National Living Wage which equates to £13,891 with effect from 1st April 2016. A copy of such advice is attached at [Appendix B](#).
5. Members will be aware that although the National Living Wage will technically only apply to employees aged 25 and over, the points on the NJC pay spine (including SCPs 6 to 8) apply regardless of age and will, therefore need to be changed.
6. Members will also be aware that the Council has a statutory requirement under the Localism Act 2011 to prepare a pay policy statement for the new financial year 2016/17. The statement needs to be approved and published by 31st March 2016.
7. The Pay Policy Statement for 2016/17 has once again been produced on the basis of statutory guidance, advice from the Welsh Local Government Association and guidance from Welsh Government.
8. It has also been drafted on the basis of the imminent statutory requirements of the National Living Wage from 1st April 2016 and in anticipation of the interim arrangements as set out in paragraphs 10 to 15 being approved.
9. The document will provide a framework for ensuring that employees are rewarded fairly and objectively, in accordance with the service needs of the Council and that there is openness and transparency in relation to the process.

Proposed Interim Changes to NJC 'Green Book' Pay Spine

10. In response to the advice from the National Employers it is recommended that the Council temporarily increase the value of the current SCP's 6, 7 and 8 to £7.20 per hour (£13,891) on the NJC pay-spine from the 1st April 2016.
11. The above measure to be effected only in circumstances where the outcome of the current NJC pay negotiations have not been concluded or not concluded in time to be implemented in the April 2016 pay run.
12. Such a measure will serve as an interim arrangement only, but will ensure that the Council is able to comply with the statutory requirements of the National Living Wage on the 1st April 2016 and pending the outcome of the NJC pay negotiations. It is clearly anticipated that the interim measure will be superseded by the outcome of the NJC pay negotiations once concluded.
13. Members will appreciate that temporary uplift in the three lowest pay points is clearly a necessary but short-term measure. It will mean a temporary erosion of differentials between those on grades A and B of the current NJC pay spine.
14. There are currently 513 employees (170 FTE) on the lowest of the salary grades (A) and 397 (86 FTE) on grade B. It is anticipated that such differentials will be restored once the NJC pay negotiations have been concluded and the pay spine re-calibrated.
15. A copy of the current NJC pay-spine and the effect of the above mentioned interim measure is set out in [Appendix C](#).

Relevant Issues - Pay Policy Statement 2016/17

16. The Pay Policy 2016/17 has been produced in accordance with the requirements of section 38 (1) of the Localism Act 2011. The Act requires all local authorities to develop and make public their policy on all aspects of Chief Officer remuneration.
17. Notwithstanding the above, efforts have continued to be made to take a broader approach to the requirements of the Act and, as such reference has been made to the pay of other relevant groups within the policy statement.
18. In addition, paragraphs 6.25 to 6.31 of the Pay Policy set out the details of remuneration arrangements for staff undertaking duties in respect of elections and referenda/ballots.
19. Members will be aware that the Pay Policy has been incrementally developed since 2012 to incorporate the following:-
 - Updated guidance from Welsh Government as contained within the document "Pay Accountability in Local Government in Wales" as issued in February 2014.
 - Changes as prescribed by the Local Authorities Standing Orders (Wales) (Amendment) Regulations 2014 which took effect from 1st July 2014.
 - Changes in the senior management structure of the Council.
20. Further changes have been made to the Pay Policy Statement for 2016/17 to reflect further legislative change, advice from the Welsh Government and other internal organisational changes. These are set out in paragraphs 21 to 29 below.
21. The Pay Policy Statement for 2016/17 now reflects the requirements of the Local Government (Wales) Act 2015 to ensure that any proposed changes to the salary of Chief Officers (as defined in the Localism Act 2011) are made following consultation with the Independent Remuneration Panel for Wales. Previously such consultation was only required in relation to changes to the salary of the Head of Paid Service. This change is included in paragraph 6.17 of the Statement.
22. The only exception to the above will be in circumstances where the change is commensurate with changes affecting the Council's workforce more generally. This may, for example include the application of national pay awards. Further guidance is being sought on this issue by the Welsh Local Government Association.
23. In addition to the above, the 2016/17 Statement has been reviewed to ensure it reflects a range of general principles relating to the transparency of senior pay as contained in a Welsh Government Written Statement issued on 7th December 2015 (Transparency of Senior Remuneration in the Devolved Welsh Public Sector).
24. Most of the requirements set out in the above Written Statement were already included in previous Pay Policy documents. Examples of changes which have now been added include the numbers and gender of Chief Officers as set out in paragraph 6.12.
25. As indicated above, the Policy Statement has also been changed to reflect changes in the Council's senior management structure as approved by Cabinet on the 23 February, 22 June 2015 and by Council on the 4th, 25th March and 22nd June 2015.
26. Members will be aware that the outcome of the 2016/17 pay negotiations for employees on NJC 'Green Book' terms and conditions have not yet concluded. The Pay Policy does, however reflect the provision of the new National Living Wage as

required from 1st April 2016 and in anticipation of Cabinet approving the recommendations set out on paragraphs 10 to 15 of this report.

27. The Pay Policy Statement will clearly, however need to be reviewed again to reflect the outcomes of the 2016 NJC pay negotiations once concluded.
28. Members will also be aware that the UK Government is currently consulting on the application of a £95,000 Public Sector Exit Payment Cap as part of the Enterprise Bill. The direct application of such a provision (once enacted) in devolved public sector workforces in Wales is currently a matter of some uncertainty. The issue will be incorporated as appropriate within future versions of the Pay Policy.
29. As will be noted, the Pay Policy needs to be approved and re-published by the 31st March 2016 in order to comply with the provisions of the Localism Act.

Resource Implications (Financial and Employment)

30. The costs of implementing the interim measure as set out in paragraphs 10 - 15 are approximately £60,000. Such costs are in line with previous projections. The options for funding the increased costs will be considered as part of the 2016/17 budget planning process.
31. There are no direct financial implications arising from the publication of the 2016/17 Pay Policy Statement. Certain pay details for those paid £60,000 per annum and above are published on an annual basis as part of the Statement of Accounts.

Sustainability and Climate Change Implications

32. There are no sustainability and climate change implications arising as a result of this report.

Legal Implications (to Include Human Rights Implications)

33. To respond to the legal requirements of the Localism Act and the statutory implications of the new National Living Wage as from 1st April 2016.

Crime and Disorder Implications

34. There are no crime and disorder implications arising as a result of this report.

Equal Opportunities Implications (to include Welsh Language issues)

35. The Pay Policy will ensure openness and transparency in relation to the Council's approach to pay and reward.

Corporate/Service Objectives

36. The pay arrangements within the Pay Policy Statement help to support service delivery and the meeting of corporate/service objectives.

Policy Framework and Budget

37. This is a matter for decision by Full Council.

Consultation (including Ward Member Consultation)

38. The Trade Unions are aware of the requirements of the Localism Act and a copy of the statement has been shared with them.

Relevant Scrutiny Committee

39. Corporate Resources.

Background Papers

Localism Act 2011 Section 38 to 43

Pay Accountability in Local Government in Wales: Welsh Government February 2014

Transparency of Senior Remuneration in the Devolved Welsh Public Sector: Welsh Government December 2015

Officers Consulted:

Corporate Management Team

Responsible Officer:

Reuben Bergman, Head of Human Resources