

Somerset County Council
HR Policy Committee
– 21 January 2020

Pay Policy Statement – 2020/21

Cabinet Member: Cllr Mandy Chilcott, Deputy Leader and Cabinet Member for Resources

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<i>Please complete sign off boxes below prior to submission to Community Governance</i>			
	Seen by:	Name	Date
Report Sign off	Legal	Honor Clarke	08/01/20
	Corporate Finance	Sheila Collins	08/01/20
	Human Resources	Chris Squire	08/01/20
	Cabinet Member	Mandy Chilcott	
	Monitoring Officer	Scott Wooldridge	08/01/20
	Summary:	The Report sets out proposed amendments to the Pay Policy Statement (PPS) for 2020/21. The amendments are very minor and mainly relate to date changes. The report also sets out, for information, an update on the pay negotiations that commenced in July 2019 and were put on hold pending the outcome of the General Election.	
Recommendations:	The HR Policy Committee is asked to : 1. Agree to recommend the Council to approve the Pay Policy Statement for the Council for 2020-21 attached as Appendix A to this report to have effect from 1st April 2020. 2. Note the revised National Living Wage rate from 1st April 2020. 3. Note the proposals from the staff side tabled on 24 July 2019 4. Give consideration to the Grades 1-3 pay increase in relation to the national Green Book pay negotiations which are expected to resume early in 2020		
Reasons for Recommendations:	To ensure that the Council complies with the statutory requirement to publish a pay policy statement annually. Section 38 (1) of the Localism Act 2011 requires English and Welsh local authorities to produce a PPS for each financial year which must be approved formally by Full Council. Pay policy		

	<p>statements can be amended 'in-year' should the need arise but only by Full Council.</p> <p>As from 1st April 2012, determination of any salary/cost of living progression for Chief Executive and SLT is undertaken by the HR Policy Committee, subject to an annual review.</p>
Links to Priorities and Impact on Service Plans:	<p>Appropriate pay provisions for staff are fundamental to the delivery of the Council's objectives and services as set out in the County Plan.</p>
Financial, Legal and HR Implications:	<p>The revised PPS meets the requirements of the Localism Act and related statutory guidance.</p> <p>Any financial consequences come from decisions taken by the Council in accordance with the PPS in place at the time.</p> <p>In terms of applying the requirements of the PPS to pay / grading / appointment and dismissal of staff, the Council will follow all statutory and collectively agreed requirements that apply to local authority employers.</p>
Equalities Implications:	<p>The Council's duty under Section 149 of the Equality Act 2010 is to have "due regard" to the matters set out in relation to equalities when considering and making decisions. There are no direct equality impacts associated with agreeing the PPS itself. There are also no direct impacts on sustainability, health and safety, community safety or privacy aspects as a result of the recommendations</p>
Risk Assessment:	<p>Failure to comply with Section 38 (1) of the Localism Act could lead to a legal challenge to the Council and therefore it is important that the PPS reflects the Act, other relevant legislation and statutory guidance. The Council is required to have regard to statutory guidance and either comply with it fully or put in place appropriate alternative provisions.</p> <p>If the Council fails to comply with the requirements of the PPS in respect of the appointment / dismissal of officers then it could be subject to legal challenge.</p>
Scrutiny comments / recommendation (if any):	<p>None</p>

1. Background

- 1.1. It is a statutory requirement to review the Pay Policy Statement (PPS) annually and present it to Full Council for consideration and approval. The PPS takes

effect from the beginning of the financial year. It will now go before Full Council on 19th February 2020 for approval and to have effect from 1st April 2020.

- 1.2.** There are no substantive changes to the PPS (Appendix 1). The amendments are minor and are explained in the Summary at the beginning of this paper.
- 1.3.** By way of an update on pay, it should be noted that the National Living Wage (NLW) rate with effect from 1 April 2020 will be £8.72. It will apply to those aged 25 and over.

The Unions made a pay claim which was put to the Employer's side on 24 July 2019. The key elements of the claim were:

- real living wage of £10 per hour on SCP1 and a 10% increase on all other NJC pay points
- One-day increase to the minimum paid annual leave (21 days plus 2 statutory days moving to 22 days plus 2 statutory days)
- 2-hour reduction in standard working week (37 hours down to 35)
- A comprehensive joint national review of the workplace causes of stress and mental health

The LGA undertook a series of regional briefings in September 2019. Most Councils were budgeting for 2% pay rises although there were a few that had budgeted up to 3%. Somerset has budgeted for 2.75% to match the Teachers pay rise agreed earlier in 2019. Concerns were expressed nationally about the affordability of more than 2%.

Anecdotal feedback from the LGA suggested that there was no appetite for a reduction in the working week.

Most Councils are not affected by the annual leave increase as they already offer a higher amount. However, Somerset still offers the 21 plus 2 statutory days for staff in grades 17-13 (those earning £21,166 or less). The cost of an additional day for this group of staff would be £131.5k for schools staff and notional for other services. This is because schools staff are paid on a multiplier so an additional day of leave will incur an additional day of cost per person. For staff who are not paid on a multiplier, the cost is notional based on productivity/outputs rather than actual cost.

The LGA advised that further discussion would be required with the Trade Unions regarding the review of workplace stress and mental health to better understand their expectations and assess the ability of the NJC to address these given all the work that has previously been undertaken on this subject by other agencies such as the Health & Safety Executive.

The meeting of the National Employers on 5 November 2019 determined that all pay negotiations would be put on hold pending an understanding of the

impact of the outcome of the General Election on 12 December 2019.

- 1.4. It is difficult to provide guidance for discussion about how to manage pay increases at Grades 1-3 at this stage.
- 1.5. It is suggested that a pay proposal for the Senior Leadership Team is considered in line with the timings for the Green Book pay award

2. Options Considered

- 2.1. No alternative options were considered in relation to the PPS for 2020/21.
- 2.2. Given the fact that the national negotiations are on hold, it is not appropriate to consider options at this stage.

3. Consultations undertaken

- 3.1. The NJC Pay negotiations were discussed at the Joint Negotiation Forum. However, until there is an offer on the table, consultation is not possible.
- 3.2. The National Living Wage is a legal requirement and has to be adhered to. Once this is known, assurances will be given that we meet the requirements or will adjust pay points to comply.

4. Implications

- 4.1. The recommendations are intended to ensure that the Pay Policy Statement maintains an appropriate balance between rigorous governance of pay and reasonable flexibility for managers to manage.
- 4.2. The financial implications are as set out in principle in this report. Once more detail is known, this will be provided.

5. Background papers

- 5.1 Appendix 1 - a draft copy of the Pay Policy Statement 2019/2020 with minor changes proposed.
- 5.2 Appendix 2 – Union pay claim

Note: For sight of individual background papers please contact the report author.