

Somerset County Council

HR Policy Committee

– 21st January 2019

Pay Policy Statement – 2019/20

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

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	Seen by:	Name	Date
Report Sign off	Legal	Honor Clarke	9/1/19
	Corporate Finance	Elizabeth Watkin	9/1/19
	Human Resources	Chris Squire	9/1/19
	Cabinet Member	Mandy Chilcott	
	Monitoring Officer	Scott Wooldridge	9/1/19
	Summary:	<p>The Report sets out proposed amendments to the Pay Policy Statement (PPS) for 2019/20. The amendments relate to the changes to the national pay spine which impact on the original grade boundaries</p> <p>The report also sets out for information an update on the National Living Wage rate from 1 April 2019, a reminder of the pay award for Grades 1-3 and an update on consultation with trade unions on changes to the Pay Spine that are necessitated by the national pay award.</p>	
Recommendations:	<p>The HR Policy Committee is asked to :</p> <ol style="list-style-type: none">1. Agree to recommend the Council to approve the Pay Policy Statement for the Council for 2018-19 attached as Appendix A to this report to have effect from 1st April 2019.2. Note the changed to the National Living Wage rate from 1st April 2019.3. Note the impact of the New Pay Spine from April 20194. Note the pay award that was agreed in January 2018 for posts graded 1-3 for 2019/20.		
Reasons for Recommendations:	<p>To ensure that the Council complies with the statutory requirement to publish a pay policy statement annually.</p> <p>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 statements can be amended 'in-year' should the need arise but only by Full Council.</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.
Links to Priorities and Impact on Service Plans:	Appropriate pay provisions for staff are fundamental to the delivery of the Council's objectives and services as set out in the County Plan.
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. The annual cost of the 2% (more for those on scale point 19 and below) pay rise for NJC officers will be approximately £2.2m including on costs. The annual cost of a 2% pay rise for the Chief Executive and SLT will be approximately £65k including on costs.</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:	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. There are still discussions underway about whether there are any equalities impacts as a result of the grade boundaries of the new pay spine.
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):	None

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 20th February 2019 for approval and to have effect from 1st April 2019.
- 1.2. There are no substantive changes to the PPS Appendix 1). The amendments are relatively 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 2019 will be £8.21 per hour and will apply to those aged 25 and over.

The National Employers group made a 2 year pay offer which was put to trade unions on 5th December 2017. This offer was agreed on 10th April 2018 and the 2018 element was implemented that month.

The second year (2019) has required further work to the current pay spine to make it a viable system for managing the increases in the National Living Wage. The National Employer's Offer (Appendix 2) sets out the proposal following:

- A bottom rate of £9.00 per hour (£17,364) on new SCP1 (equivalent to old SCP6)
- 'Pairing off' old SCPs 6-17 to create new SCPs 1-6 □ Equal steps of 2.0% between each new SCPs 1 to 21 (equivalent to old SCPs 6-28)

The pay spine has been modelled in various forms in order to identify an acceptable version that meets requirements from an employee relations and financial perspective. Discussions are ongoing about where each grade boundary falls.

- 1.4. It was agreed at the meeting in January 2018 that Officers in grades 1-3 would receive 2% in April 2018 and 2% in April 2019. The 2% uplift will be applied as agreed.

2. Options Considered

- 2.1. No alternative options were considered in relation to the PPS for 2019/20.
- 2.2. The decisions regarding the Somerset grade boundaries within the new national pay spine are being considered. Several possibilities are being discussed with the trade unions. The grade boundaries of the new pay spine have been modelled in order to identify an acceptable version that meets employee relations and financial requirements.

Discussions are ongoing about where each grade boundary falls. The key area of focus is the section that includes Grades 16-14 where there are some

options. The rest of the grades remain the same in all models. The likely outcome of the consultations will be a pragmatic agreement that enables SCC to process the pay award for April 2019 with a further consultation to look at a more sustainable option that addresses some of the anomalies such as overlaps in grades.

3. Consultations undertaken

- 3.1.** The NJC Pay Offer was agreed in April 2018 and work has been undertaken to model the Somerset version of the pay spine. Consultations with recognised trade unions were delayed until November 2018 due to the financial imperative focus of the Council.
- 3.2.** The National Living Wage is a legal requirement and has to be adhered to.

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 this report.

5. Background papers

- 5.1** Appendix 1 - a draft copy of the Pay Policy Statement 2019/2020 with minor changes proposed.

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