

Agenda Item No:**Report To:** Cabinet**Date of Meeting:** 30 March 2023**Report Title:** Pay Policy Statement- Annual Review**Report Author &** Joy Cross**Job Title:** HR Manager**Portfolio Holder** Cllr. Pickering- HR & Customer Services**Portfolio Holder for:****ASHFORD**
BOROUGH COUNCIL**Summary:**

The Localism Act 2011 requires the Council to publish an Annual Pay Policy Statement; this report will review the current Pay Policy statement, ensuring it is up to date and reflects the Council's approach to pay.

The Council also takes this annual review as an opportunity to review the Ashford Apprentice Wage Allowance (AAWA). This report therefore updates the position in relation to Apprentice pay for 2023/24.

Key Decision: YES**Significantly
Affected Wards:** None**Recommendations:** That Cabinet:

- I. Note that Council is asked to approve the updated Pay Policy Statement.
- II. Approve the continuation of the Ashford Apprentice Wage Allowance at a rate of 20 pence per hour over the National Minimum Wage rate applicable to the age of the apprentice.

Policy Overview: Sections 38 to 43 of the Localism Act 2011 require local government bodies to prepare a pay policy statement. These statements must articulate an authority's own policies towards a range of issues relating to the pay of its workforce, particularly senior staff and its lowest paid employees.

**Financial
Implications:** No additional financial impact is proposed.**Legal Implications** The Council is required to review and publish its Pay Policy Statement on an annual basis.**Equalities Impact
Assessment** The application of the Pay Policy will not result in any detrimental impact on any particular group of staff.

**Other Material
Implications:**

n/a

**Exempt from
Publication:**

NO

**Background
Papers:**

n/a

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Report Title: Pay Policy Statement- Annual Review

Pay Policy Statement: Introduction & Background

1. The pay policy statement must be reviewed and approved each year by Full Council.
2. There are a number of statutory requirements relating to pay accountability in the Localism Act that need to be taken into account as well as a catch-all within the Act that states that members must have regard to any guidance issued or approved by the Secretary of State.
3. The statement encompasses both the statutory requirements as well as the 'broader' elements of guidance.
4. Pay policy statements may be amended during the course of a financial year to reflect changes or developments in an authority's pay policy. However, section 39(5) of the Act requires that amendments can only be made by resolution of the full Council, or a meeting of members, and that any amended statement must be published as soon as is reasonably practicable.
5. We are required to publish the ratio between the highest paid and the median salary figure. The ratio is currently 4.42:1 this is within our stated position of maintaining a pay multiple of 5 or less (paragraph 12 of the proposed pay policy statement attached).
6. There are no material changes to the Pay Policy Statement.

National Living Wage

7. The Council is committed to ensure that the salaries of our employees can sustain families and individuals as well as underpinning a thriving local economy.
8. In the 2016 the Government introduced a statutory National Living Wage (NLW) rate that aims to raise living standards amongst the lowest paid. This year the statutory National Living Wage rate rose by 9.68% from £9.50 per hour to £10.42 per hour.
9. The Government set a target for NLW to reach two thirds of median pay by 2024, taking into account economic conditions.¹ In their January report, The Low Pay Commission (LPC) reported that median earnings will be over £16.62 by October 2024 which will mean that the NLW will need to rise to £11.08 in April 2024 to reach Government's two-thirds target.
10. Last year there was a review of some pay scales towards the lower end of the overall scale. This review alleviated the impact of grade compression and enhanced the contractual pay for our lower paid staff. In light of the improved

¹ National Minimum Wage Low Pay Commission Report 2022 – January 2023

position for our staff it was no longer necessary to continue with the Ashford Living Wage Allowance, which had previously existed.

11. The following table shows the current 23/24 pay scales and highlights the difference between the 2023/24 NLW and our current hourly rates.

NLW	£10.42
SCP 12	£11.14
SCP 13	£11.19
SCP 14	£11.24
SCP 15	£11.30
SCP 16	£11.46
SCP 17	£11.57
SCP 18	£11.67
SCP 19	£11.78

Ashford Apprentice Wage Allowance

12. Apprentices are engaged by employers to gain practical training in a job combined with study. The status of their employment is reflected by the fact that the National Living Wage rate is not applicable to them in the first year of their apprenticeship.
13. The Low Pay Commission reported that young people occupy a vulnerable place in the labour market and are likely to be hit harder by an economic downturn².
14. The 2023 National Minimum Wage rate for apprentices aged 16 to 18 and those aged 19 or over who are in their first year is £5.28 per hour. All other apprentices are entitled to the statutory National Living Wage rates as applicable to their age.
15. Our Ashford Apprentice Wage Allowance AAWA aims to provide our apprentices with a pay rate that is “better” than the statutory NLW rate applicable to the age of the apprentice and irrespective of whether the apprentice is in their first year.
16. The Council’s stated commitment in respect of pay rate for apprentices is:
- “The council is committed to making apprenticeships accessible to all by paying a rate applicable to the apprentice’s age that aims to be better than the respective statutory National Living Wage rates.”***
17. The current AAWA is 20 pence per hour above the respective NLW rates. No changes are proposed to the AAWA.
18. We currently employ 11 individuals who are completing an Apprenticeship; some of whom are completing a higher apprenticeship, i.e. a level 7 apprenticeship for Planning Graduates, and are appointed to roles at a higher grade.

Summary

² National Minimum Wage Low Pay Commission Report 2022 – January 2023

19. For ease of reference the following table details the different pay rates referred to earlier in this report :

Implications and Risk Assessment

		National minimum rates from April 2022	Proposed Ashford rates for 2022/23	National minimum rates from April 2023	Proposed Ashford rates for 2023/24
National Living Wage rate	Aged 23+	£9.50	-	£10.42	-
National Apprentice rate	Aged 23+	£9.50	(+20p) £9.50	£10.42	(+20p) £10.62
	21-22	£9.18	(+20p) £9.38	£10.18	(+20p) £10.38
	18-20	£6.83	(+20p) £7.03	£7.49	(+20p) £7.69
	Under 18	£4.81	(+20p) £5.01	£5.28	(+20p) £5.48

20. Reviewing and publishing the Pay Policy Statement will ensure that we are compliant with the requirements of the Localism Act 2011.
21. The economy is currently very uncertain and should the NLW rise sharply in the future we may need to revisit our approach to the AAWA.

Equalities Impact Assessment

22. The AAWA benefits the lowest paid groups of staff within the Council regardless of any protected characteristic. The Council's Pay Policy ensures that our staff are remunerated appropriately, equitably and legally.

Consultation Planned or Undertaken

23. This report together with the proposed pay policy statement have been considered at the Joint Consultative Committee on 09 March 2023; where the report was received and noted. Minutes of the committee are available for Cabinet's reference if required.

Other Options Considered and Reasons for Supporting Option Recommended

24. Other options included withdrawing the AAWA but this was not thought to be consistent with the Council's desire to show its commitment to its lowest paid staff and support youth employment in the borough.

Next Steps in Process

25. Once approved by Council the 2023/24 Pay Policy Statement will be published on the transparency section of the Ashford Borough Council website.

Conclusion

26. The pay policy statement reflects our current approach to pay and satisfies the requirements of the Localism Act.
27. The Ashford Apprentice Wage Allowance provides a very positive statement that the Council is committed to making apprenticeships accessible to all and encourages its local people to gain worthwhile careers by paying a rate that is comparable with entering any other form of employment; which in turn will benefit the local economy.

Portfolio Holder's Views

28. Ashford Borough Council intends to maintain its position as an employer with good employment practices that rewards our staff based on systems to maintain fairness at all times. We are conscious of the need to ensure that Apprenticeships are accessible to all.

Cllr Pickering

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Ashford Borough Council

Pay Policy Statement

Financial Year 2022/23

Introduction

ABC is a large and diverse organisation providing a range of statutory and other services to a local community with a population of 132,700. It is responsible for managing a combined annual capital and revenue spend of £155 million.

To ensure the Council is effectively led and efficiently managed, it must be able to attract and retain a range of high calibre staff in a competitive job market. The value and composition of the remuneration package offered to senior staff is a key factor in enabling the Council to attract, recruit, motivate and retain staff with the skills sets required to deliver the Council's objectives and aspirations, which in turn have a significant impact on the lives of local residents.

Notwithstanding the statutory requirement to produce and publish this policy, the Council recognises the importance and benefits of applying a transparent policy to ensure that its staff are remunerated appropriately, equitably and legally.

Pay Policy

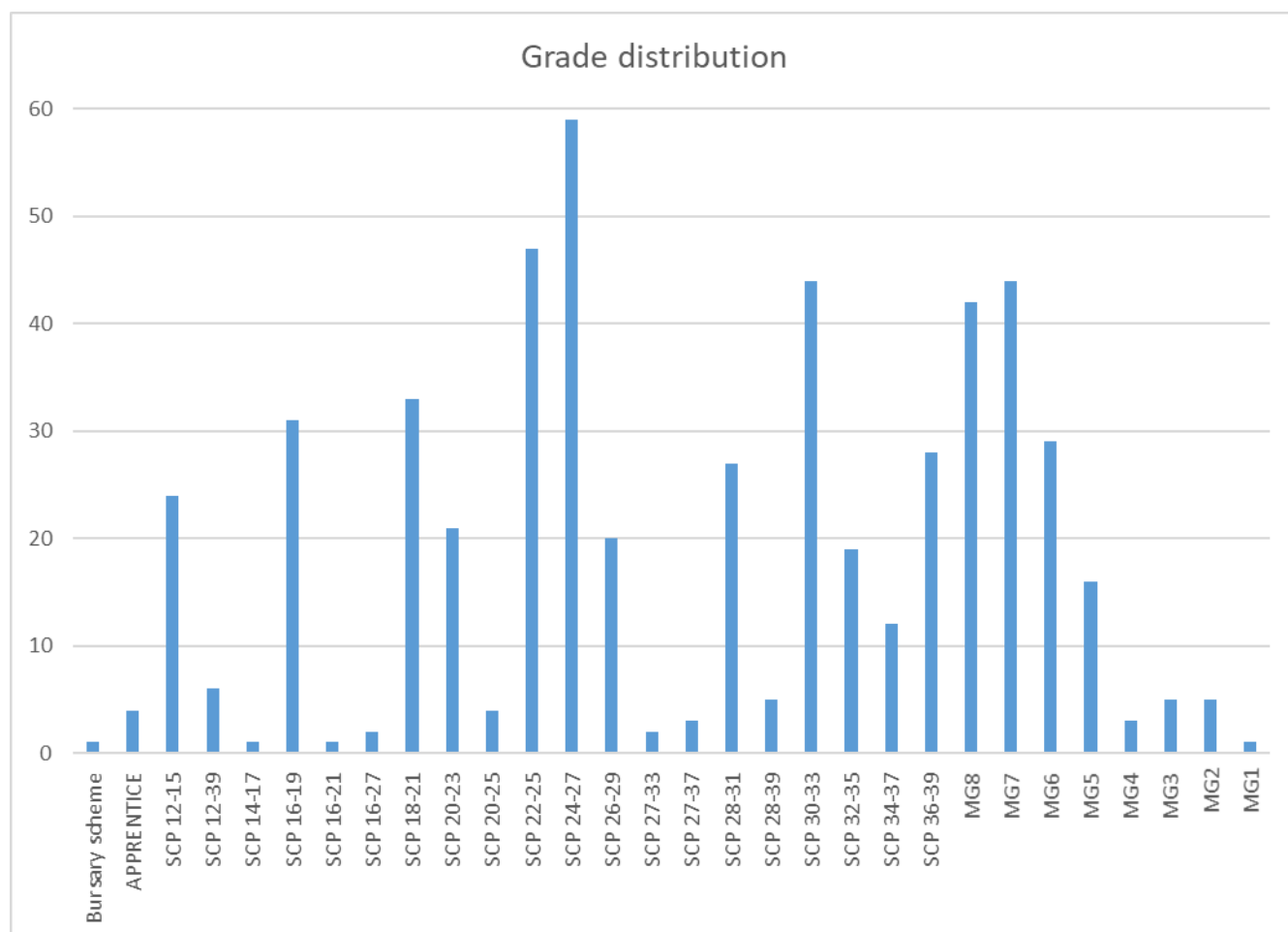
- 1 This policy statement is made in accordance with Section 38 (1) of the Localism Act 2011. The Act requires the authority to set out its policies for the financial year relating to:
 - (a) the remuneration of its chief officers,
 - (b) the remuneration of its lowest-paid employees and
 - (c) the relationship between:
 - i. the remuneration of its chief officers, and
 - ii. the remuneration of its employees who are not chief officers.
- 2 **Definitions:**
 - (a) The Definition of '**Chief Officer**' in the Localism Act reflects that in the Local Government and Housing Act 1989 and so is wide enough to include not only the Head of Paid Service, Monitoring Officer and other statutory and non-statutory Chief Officers but also those senior officers who report directly to them. It is not considered necessary to extend the scope of this definition due to any particular local circumstance or reward structure.
 - (b) A '**Lowest paid employee**' is an employee who is paid on the lowest pay grade used by the council. The definition does not include postholders engaged in apprenticeships or other job creation schemes.
- 3 The policy statement will be reviewed and approved annually by Members and published on the transparency section of the Ashford Borough Council website together with the pay data published in line with the code of recommended practice on data transparency. Data on pay for individuals employed under a

'contract for services' (opposed to contract of employment) can be found under the data on spend.

- 4 The Council's pay framework has been in place for many years and the grade for each role is determined by a job evaluation scheme developed by Inbucon Pay Consultants.
- 5 The basic grade of all officers is determined by job evaluation process. Pay and all other elements of the remuneration package for the Chief Executive (Head of Paid Service), Deputy Chief Executive, as well as other Statutory Chief Officers, Non-Statutory Chief Officers and Deputy Chief Officers are approved by Members as part of the recruitment process and other formal approval process such as restructuring reports. The remuneration packages for all other roles are approved by senior managers.
- 6 The incremental progression for all roles, including Chief Officer roles, are automatic unless there are formal concerns over capability.
- 7 Cost of living pay awards are considered on an annual basis and take account of market forces, economic climate measures of inflation and budgetary position. The Council is not subject to national pay bargaining. Pay awards are negotiated locally with UNISON and subject to approval by Members.
- 8 Apprentices are engaged to gain practical training in a job combined with study. The Council is committed to making apprenticeships accessible to all and aims to pay a rate that is better than the respective Statutory National Minimum Wage rates; the Ashford Apprentice Wage Allowance (AAWA) is currently set at 20 pence per hour higher than these rates. The AAWA is reviewed annually and applied to those employed by the Council on an apprenticeship.
- 9 Grades MG1 and MG2 have two additional discretionary incremental points that can be applied for recognition of performance, or as part of a retention package. These points are not automatically applied to all MG1 or MG2 roles, but if they are, they require confirmation from the officer's manager that there has been exceptional performance and the increment should be awarded.
- 10 The organisation's Returning Officer for elections receives election fees in addition to their regular salary. These fees are set by the Cabinet Office for national elections and referendums; or for borough and county elections through a countywide arrangement. The fees vary according to the election taking place. Any election fees paid during the year are included in the salary figure published in the Council's annual statement of accounts.
- 11 We are required to publish pay related information. This includes the Code of Recommended Practice for Local Authorities on Data Transparency requirements to publish a Pay Multiple and information on senior salaries. The Pay Multiple is the ratio between the highest paid salary and the median average salary of the whole authority's salaries.
- 12 The current ratio between the highest paid employee and the median earnings across the organisation is **4.42:1** (excluding Returning Officer fees as these are determined by the Cabinet Office, or through a countywide arrangement. The fees are only paid in the event of an election). The Council intends to maintain

a pay multiple of 5 or less i.e. the highest paid employee is paid no more than 5 times the median salary which is £30,474. The chart below shows the current dispersal of grades amongst the Council's employees.

- 13 Ashford pay grades are determined through job evaluation and reflect the breadth of impact the role has for example: the level and complexity of advice given by the post-holder as well as the decisions made, the qualifications required to carry out the role, the level of autonomy the post-holder has as well as the level of internal and external contacts routinely made by the post-holder.



- 14 Salary information for senior staff is published annually on the transparency section of the Council's website and total remuneration packages for Chief Officers are published in the Council's annual statement of accounts also available on the Council's website.
- 15 The Chief Executive and Deputy Chief Executive receive an annual mileage allowance to compensate for up to 3,000 work related miles travelled within Kent and are not allowed to submit mileage claims for the first 3,000 miles travelled in Kent.
- 16 Posts may attract a subsidised lease car or cash alternative. Entitlement is usually determined as part of the recruitment process and the entitlement is intended to assist the officer in carrying out their duties or, in some cases, as a recruitment tool.

- 17 All officers are entitled to be reimbursed for legitimate expenses incurred in the course of their duties. Limits are laid out in the conditions of service and all expense claims must be accompanied by receipts.
- 18 The Council does not have a performance related pay scheme or a bonus scheme. Managers do have the ability to make honorarium payments to any level officer in the following circumstances:
- Covering the full/partial duties of a more senior post (other than for annual leave)
 - Taking on additional duties/responsibilities for a limited period
 - Taking on additional responsibilities e.g. project work which would not normally fall within the employee's job description
 - Taking on additional workload, which is not at an additional level of responsibility but which warrants financial recognition
 - One-off merit payments in recognition of exceptional performance.

Where the request for the payment falls outside of the above criteria the Head of Personnel and Development will take the request to Management Team for discussion.

- 19 The Council does have a market supplement scheme to address market pressures that cause recruitment and retention difficulties. Market supplements are applied in exceptional circumstances and any proposed payments for a Management Team post must be approved by Members. For all other roles Management Team is able to give approval.
- 21 If a Chief Officer, or any other officer, chooses to end their employment with the authority there are no termination benefits payable. If the council terminates an officer's employment then the Council's policy on the Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations 2006 may apply.
- 22 The Council will comply with obligations under the Exit Payment Recovery Regulations.
- 23 Officers may also be entitled to release of their local government pension if they satisfy the Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007.
- 24 Employees who are Local Government Pension Scheme members aged 55 or over are entitled to request flexible retirement in accordance with the Council's Flexible Retirement policy. This allows an officer to access their local government pension and continue working in a role at either reduced hours or in a lower paid role to help their transition into retirement. Member approval is required where there is a cost associated with the release of the pension. There must be a benefit to the Council in agreeing to a flexible retirement request, the benefits may include: assisting with succession planning, delivering savings etc.
- 25 In exceptional circumstances we may find ourselves in the situation whereby an officer who has been previously employed by the Council (or another authority) and who, on ceasing to be employed, was in receipt of a redundancy payment and/or a local government pension is subsequently reemployed by the

Council. It is not the policy of Kent County Council (the pension scheme administrators) to abate pensions in payment in these circumstances.

- 26 In cases where the Council shares staff with other authorities/agencies this often results in different pay scales, terms and conditions between the two parties. The Council will ensure that for staff employed by Ashford Borough Council that there is internal comparability. This may result in discrepancies across teams with employees working for other employers.
- 27 The Council does not intervene in the pay policy of external contractors; remuneration packages are a matter for the external contractor to determine not the Council.
- 28 The Council is committed to tackling all forms of tax avoidance and therefore encourages the direct employment of staff and pays them via the payroll system. When a need arises for a temporary appointment, recruitment is normally secured by using the Council's employment agency contract arrangement. In a few circumstances where it is necessary to engage self employed people who can provide exceptional skills/experience, the Council will offer a contract for services. Such engagements would be in accordance with HMRC guidelines to ensure that the correct employment status has been applied for PAYE purposes.
- 29 This policy is required to be reviewed at least once a year proceeding the next financial year. Proposals to adjust the policy in a financial year must be approved by Members.

February 2022.