

**TO: EMPLOYMENT COMMITTEE
16 DECEMBER 2015**

**ANNUAL UPDATE OF THE COUNCIL'S PAY POLICY STATEMENT AND ANNUAL
REVIEW OF BRACKNELL FOREST SUPPLEMENT
(Director of Corporate Services – Human Resources)**

1 PURPOSE OF REPORT

- 1.1 Since 2012, and in accordance with the 2011 Localism Act, the Council has been required to publish a Pay Policy Statement. The Statement is also aligned with the requirements of the Transparency Regulations.
- 1.2 In accordance with the decision taken by the Employment Committee in its report of 14 February 2014, this report also addresses the second annual reassessment of the Bracknell Forest Supplement which will take effect from 1 April 2016.

2 RECOMMENDATIONS

That the Employment Committee:

- 2.1 **Recommend that Council agree the Pay Policy Statement for 2016/17.**
- 2.2 **Agree that the level of the Bracknell Forest Supplement for 2016/17 should be increased to £8.25 per hour with effect from 1 April 2016. (See Borough Treasurer's comment in paragraph 7.2).**

3 REASONS FOR RECOMMENDATIONS

- 3.1 To comply with the Department of Communities and Local Government (DCLG) guidance and 2014 Transparency Code requirements.
- 3.2 To align the Bracknell Forest Supplement with the new level of Living Wage outside London.

4 ALTERNATIVE OPTIONS CONSIDERED

- 4.1 To retain the Bracknell Forest Supplement at £7.85 and wait for the government's National Living Wage to catch up in 2020. This would erode the value of the Supplement, which was only introduced in April 2014 with the intention of assisting those on lower pay levels to meet the costs of living in the South East and would eventually remove any recruitment advantage we might gain over other employers in the area.
- 4.2 The new National Living Wage only applies to those aged 25 and over. Once the National Living Wage has caught up with the level of Bracknell Forest Supplement, a decision would need to be made on whether the Council would continue to keep a Bracknell Forest Supplement so as to augment the salaries of those aged under 25, as the National Living Wage level alone would not apply to these.

5 SUPPORTING INFORMATION

5.1 Pay Policy Statement

This is a requirement under the Localism Act. The pay policy statement is attached.

Bracknell Forest Supplement

5.2 When the Bracknell Forest Supplement (BFS) was introduced in April 2014 it was agreed that there would not be a contractual or policy commitment to use the “Living Wage” figure but that it would be taken into account alongside issues such as the level of the national pay settlement and local affordability, when setting the level of Supplement each year. The Pay Policy Statement was considered to be the ideal vehicle to discuss and agree any increase in that supplement, as both the Living Wage and the national pay award would normally have been settled by the end of November. The current supplement is £7.85 per hour.

5.3 The “Living Wage” outside London is updated nationally in November based on recommendations from the Joseph Rowntree Trust and now stands at £8.25. This is an increase of 40p per hour (5.1%) The pay award for NJC Local Government Services employees is due in April 2016 and its level is not yet known.

5.4 The Government has also announced its intention to gradually increase the national minimum wage rates for those aged 25 or over – now to be called “National Living Wage” – the rate will be £7.20 per hour in April 2016. It will be noted that this is less than the current Joseph Rowntree recommendation, but that the government has announced its aim to reach £9 per hour by 2020. The Low Pay Commission will advise the Government on future increases. The rates for those under 25 are unchanged for April 2016.

6 CONCLUSION

6.1 The annual review of the Bracknell Forest Supplement at the “Living Wage” level (outside London) is consistent with the Council’s decision to introduce the Supplement to assist the lower paid employees of the Council.

7 ADVICE RECEIVED FROM STATUTORY AND OTHER OFFICERS

Borough Solicitor

7.1 Section 40 of the Localism Act 2011 requires a Local Authority, in performing its functions regarding Pay Policy Statements to have regard to any guidance issued or approved by the Secretary of State. A local authority must comply with such statutory guidance unless it has good reasons for not so complying.

Borough Treasurer

- 7.2 Maintaining and aligning the Bracknell Forest Supplement to the new Living Wage levels will incur an additional cost to the Council which has not yet been budgeted for. The financial impact, calculated by the service accountants to take account of current patterns of additional hours and overtime as well as contractual hours, is as follows:

Department	£'000
Adult Social Care, Health and Housing	7
Children, Young People and Learning (excluding schools)	5
Environment, Culture & Communities	29
Total cost excluding schools	<hr/> 41 <hr/>
Schools	400

If the Committee approves the increase, it will then be built into the budget proposals for 2016/17.

Equalities Impact Assessment

- 7.3 The Bracknell Forest Supplement assists those in lower socio-economic groupings; women and younger employees in particular are strongly represented in the affected group.

Strategic Risk Management Issues

- 7.4 Failure to explicitly respond to guidance on the content of published information will run the risk of challenge from the DCLG.

8 CONSULTATION

Principal Groups Consulted

- 8.1 This will be subject to discussion at the Local Joint Committee.

Method of Consultation

- 8.2 By report.

Representations Received

- 8.3 To be advised.

Background Papers

None

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