

HAMPSHIRE COUNTY COUNCIL

Decision Report

Committee/Panel:	Employment in Hampshire County Council
Date:	6 July 2016
Title:	Update on National Pay Award (NPA) and Government proposed policy changes
Decision Reference:	7643
Report From:	Director of Corporate Resources

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1. Executive Summary

1.1 The purpose of this report is to provide an update on the National Pay Award (NPA) and the proposed Government policy changes as referenced in the April EHCC papers.

2. National Pay Award update

2.1 The trade unions have accepted the Employers' final two-year pay offer.

2.2 As the NPA was not agreed in time for April 2016, HCC put in place interim arrangements to ensure all staff paid on the EHCC pay framework are paid at least the NLW from 1 April 2016, regardless of age.

2.3 The national pay award will replace these interim arrangements, and be applied to HCC's January 2015 pay scales. As previously agreed at EHCC, the outcome of the NPA for pay grades A to G will also be applied to grades H and above.

2.4 The national pay award will be paid in August 2016 salaries, backdated to 1 April 2016.

3 £95k exit payment cap

3.1 Provisions in respect of the £95k exit payment cap on the total value of an exit payment made to an individual with redundancy payments *and* any pension strain charges are contained within the Enterprise Act 2016 following Royal Assent on 4 May 2016.

3.2 Whilst the 2016 Act has received Royal Assent and therefore become law, provisions in the Act in respect of the £95K cap as contained at Section 41 and Schedule 6, **are not yet in force** and will happen by way of subsequent Regulations. The earliest date the Regulations, and thus provisions in the 2016 Act in respect of £95K cap generally, will not be brought into force before **1 October 2016**.

3.3 There will be further guidance issued in respect of the operation of the Exit Cap Regulations, including directions as to how the power to relax the restrictions of the cap should be exercised and any transitional arrangements to be applied.

4. Public Sector exit payments recovery

4.1 Primary legislation is in force in the 2015 Small Business, Enterprise and Employment Act for Regulations to be made requiring in certain circumstances the repayment of Public Sector Exit Payments. The latest draft of the Regulations ('Repayment Regulations'), issued in December 2015, includes a very detailed schedule of bodies in scope, including all Public Sector bodies within the Office of National Statistics definition of Public Sector, except those granted an exemption.

4.2 Consultation on the revised draft Repayment Regulations closed on 25 January 2016. Government have not yet published the outcome of the Consultation, notwithstanding their earlier stated intention that the Regulations would be in place from 1 April 2016. For clarity, the Public Sector Exit Payments Recovery Regulations 2016 are not yet in force.

4.3 HR and other recruitment processes will be finalised once the outcome of consultation and final Regulations are known.

5. Further Reforms to Public Sector Exit Payments

5.1 Additional consultation on other reforms to public sector exit payments is underway including:

- Setting the maximum tariff for calculating exit payments at three weeks' pay per year of service.
- Capping the maximum number of months' salary that can be used when calculating redundancy payments to 15 months.
- Setting a maximum salary for the calculation of exit payments at £80k.
- Enabling the amount of lump sum compensation an individual is entitled to receive to be tapered as they get close to the normal pension age or target retirement age of the pension scheme to which they belong, or could belong, in that employment.
- Reducing the cost of employer-funded pension top up payments

5.2 Consultation closed on 3 May 2016, and the outcome is awaited.

6 Apprenticeship Levy

- 6.1 The government are committed to reaching 2 million apprenticeship starts in England by 2020 and are taking action to support this commitment.
- 6.2 The Apprenticeship Levy will be introduced in April 2017. It will apply to all employers in all sectors. Employers with a pay bill of more than £3 million are required to pay 0.5 per cent levy to fund apprenticeships. The levy will be used to fund apprenticeship training (it can not be used to fund ordinary salary costs).
- 6.3 Further information will be published by the government in June 2016 which will detail:
- provisional funding bands, which will set the maximum amount of funding which is available for each apprenticeship from April 2017.
 - the provisional level of the government support that will be available towards the cost of apprenticeship training if you aren't a levy paying employer, from April 2017.
 - the provisional level of the extra payment you can get for hiring 16 to 18 year old apprentices, from April 2017.
 - the provisional amount that will be paid for English and Mathematics training for apprentices who need it, from April 2017.
 - eligibility rules that set who you are able to spend apprenticeship funding on and where.
 - more information on who can provide apprenticeship training and how you can set up your organisation to deliver apprenticeship training.
- 6.4 The final levels of funding, government support, 16 to 18 payments, and English and Mathematics payments for apprentices starting from April 2017 and full, draft funding and eligibility rules will be published in October 2016.
- 6.5 In December 2016 Government will publish the final detailed funding and eligibility rules and further employer guidance from HM Revenue and Customs (HMRC) on how to calculate and pay the apprenticeship levy.

7 Preparing for the Policy changes

- 7.1 As referenced in the previous EHCC paper, there will be a requirement for a number of new administrative duties and changes to policies and procedures, all of which are currently being developed in readiness for implementation.

8 Recommendation

- 8.1 That the EHCC Committee notes this update and the work underway to manage the agreed changes. A further report will be provided once the implications of the additional consultations are known and the impacts on related policies confirmed.

CORPORATE OR LEGAL INFORMATION:**Links to the Corporate Strategy**

These government proposals do not link to the Corporate Strategy but potentially impact the County Council's workforce strategy.

Other Significant Links**Links to previous Member decisions:**

<u>Title</u>	<u>Reference</u>	<u>Date</u>
Update on proposed Government policy changes	6988	11 November 2015
Update on Government proposed policy changes	7325	9 March 2016
2016 National Pay Award and National Living Wage	7338	9 March 2016

Section 100 D - Local Government Act 1972 - background documents

The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)

Document

Location

None.

IMPACT ASSESSMENTS

1. Equality

1.1 The County Council has a duty under Section 149 of the Equality Act 2010 ('the Act') to have due regard in the exercise of its functions to the need to:

- Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act;
- Advance equality of opportunity between persons who share a relevant protected characteristic (age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation) and those who do not share it;
- Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

Due regard in this context involves having due regard in particular to:

- a) The need to remove or minimise disadvantages suffered by persons sharing a relevant characteristic connected to that characteristic;
- b) Take steps to meet the needs of persons sharing a relevant protected characteristic different from the needs of persons who do not share it;
- c) Encourage persons sharing a relevant protected characteristic to participate in public life or in any other activity which participation by such persons is disproportionately low.

1.2 Equalities Impact Assessment:

It is too early to determine whether there is any equalities impact, as the government have not published the full details of these proposed policy changes.

2. Impact on Crime and Disorder:

2.1 Not applicable.

3. Climate Change:

(a) How does what is being proposed impact on our carbon footprint / energy consumption?

Not applicable.

(b) How does what is being proposed consider the need to adapt to climate change, and be resilient to its longer term impacts?

Not applicable.