

Notice of Meeting

General Purposes Committee

Date: Tuesday 29 March 2022

Time: 4.00 pm

Venue: Upper Guildhall, High Street, Andover, Hampshire SP10 1NT

For further information or enquiries please contact:

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Legal and Democratic Service

Test Valley Borough Council,
Beech Hurst, Weyhill Road,
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The recommendations contained in the Agenda are made by the Officers and these recommendations may or may not be accepted by the Committee.

PUBLIC PARTICIPATION SCHEME

If members of the public wish to address the meeting they should notify the Legal and Democratic Service at the Council's Beech Hurst office by noon on the working day before the meeting.

Membership of General Purposes Committee

MEMBER

WARD

Councillor K Hamilton (Chairman)	Andover Harroway
Councillor K North (Vice-Chairman)	Andover Romans
Councillor N Adams-King	Blackwater
Councillor D Baverstock	Romsey Cupernham
Councillor J Burnage	Romsey Cupernham
Councillor D Coole	Anna
Councillor C Donnelly	Andover Downlands
Councillor A Dowden	Valley Park
Councillor D Drew	Harewood
Councillor M Flood	Anna
Councillor P North	Bourne Valley

General Purposes Committee

Tuesday 29 March 2022

AGENDA

**The order of these items may change as a result of members
of the public wishing to speak**

- 1 Apologies**
- 2 Public Participation**
- 3 Declarations of Interest**
- 4 Urgent Items**
- 5 Business Mileage** **4 - 7**

To consider a change to the Employment Benefits Policy related to business mileage.
- 6 National Living Wage** **8 - 14**

A report recommending the removal of Grade 2 from the Council's pay scales, making Grade 3 the lowest grade to enable the Council to stay compliant with the National Living Wage (NLW).

ITEM 5

Business Mileage

Report of the Chief Executive

Recommended:

1. That the procedure for calculating Officers' business mileage, as set out at paragraphs 5.2-5.4 of this report, be adopted from 1st April 2022.
2. That the Human Resources Manager be authorised to update all relevant policies accordingly.

SUMMARY:

- To review the methodology of claiming of business mileage as per sections 5.2 – 5.4 of this report from 1 April 2022. This amendment would enable those officers who are going out to do site visits when working from home to be able to claim the full cost of their business mileage undertaken within the Borough, providing this is in accordance with HMRC guidance.

1 Introduction

- 1.1 This report considers an amendment to the Council's current policy on the payment of mileage for essential business journeys in light of changing ways of working post the Covid-19 pandemic.

2 Background

- 2.1 Under the current Employment Benefits Policy, Council officers are required to deduct their normal daily commute, home to Council workplace, from all business mileage claimed. This is the case regardless of whether they attend the Council workplace on the day they claim business mileage.
- 2.2 During the pandemic many officers, in office based roles, have been working from home either on a full-time basis or for the majority of the time. During this time, where they have been required to go out on site visits from home, they have been deducting their normal home to workplace commute for each day they have been claiming business mileage. This has led to some feedback of unfairness by some officers who are required to go out regularly to undertake site visits when they compare themselves with other officers who have been working from home but do not need to undertake such site visits and a request to the Council to review its policy.

- 2.3 The nature and way in which officers who work in office based roles will work going forwards, post the Covid-19 pandemic, is likely to combine the best of working in the office for part of the time and working from home for part of the time. In light of this new way of working, the Council has trialled and is implementing new arrangements for agile working. This includes the ability for officers, where their role allows, to work part of their time from home or another agreed location and part of their time in the office. This is providing the needs of customers and the services comes first and are met and there is no detrimental impact on the quality or continuity of service provision.

3 Corporate Objectives and Priorities

- 3.1 The implementation of agile working has many benefits including supporting people to work in a flexible way enabling them to optimise their time and productivity and to do their best work. There are many benefits for both the employer, such as in terms of recruitment and retention, improved service and productivity and for officers from better work/life balance and a reduction in time and cost of commuting.
- 3.2 With the changes to new ways of working the Council needs to keep its remuneration package and policies under review to ensure they remain fit for purpose. We strive to be a good employer and an employer of choice in the local area. In order to be able to recruit and retain good people the Council needs to offer a competitive total remuneration package, this includes recompensing people in a fair way for any business mileage undertaken in the course of their duties.

4 Consultations/Communications

- 4.1 This proposal has been shared with the Unions and they support this change in policy.

5 Options

- 5.1 The report proposes updating the Council's Employment Benefit's Policy with regards to Business mileage as follows:
- 5.2 Business Mileage "We will reimburse you at the relevant lease car or business user mileage rate for business mileage undertaken. You will normally be required to deduct your total home to permanent or principal workplace commute mileage from any daily claim made. This is the same for those who work at a Council workplace and those who work in an agile way. When working in an agile way you will normally be required to deduct your home to principal workplace commute from any business mileage claimed when working from your principal workplace, home or an alternative Council premises or other location.

- 5.3 The exception to this is when you undertake site visits on days you do not also attend a Council premises. Where you live in the Borough you may claim the full cost of your business mileage. If you live outside of the Borough you may claim from within the Borough boundary. All claims need to be in accordance with HMRC guidance. HMRC will consider your journey to be commuting where it is broadly similar to your normal commute or if you travel in close proximity of your principal workplace. Any time spent commuting, including to/from the Borough boundary is in your own time.
- 5.4 You are expected to undertake all business mileage in an efficient and economical way being mindful of keeping the cost to the council to a minimum and utilising and planning your time in the most efficient way.”

6 Risk Management

- 6.1 Many of the officers who undertake regular site visits are in harder to recruit to professional roles, where recruitment and retention of good officers is very competitive. Where the market is tight and there is limited differential in overall remuneration packages between different local government employers we may find both current and potential officers taking this matter into consideration in employment decisions.
- 6.2 All claims for business mileage need to be in accordance with HMRC guidance with regards to tax and NI. Any journey which is considered by HMRC to be commuting cannot be claimed as tax-free business mileage. Any changes to the policy need to be fully communicated to ensure ongoing compliance with HMRC guidance.

7 Resource Implications

- 7.1 An estimate of the budget implications of this change is hard to quantify as total Council wide business mileage has changed considerably during the pandemic with the introduction of Microsoft Teams and video calls. As we move to new ways of working post pandemic business mileage costs will find a new normal. There is an expectation that full-time officers who work in an agile way will come into their principal workplace normally a minimum of twice each week. It will be for managers to work with officers to ensure they are planning and grouping their site visits in the most economic and efficient way for the Council. This includes with regards to business mileage costs.
- 7.2 There will be some increase in business mileage costs from those officers undertaking site visits on days they are working from home, however this increase is likely to be balanced by those officers who no longer travel to meetings as these are now undertaken by video call. The net total business mileage costs is unlikely to be more than it was before the Covid-19 pandemic.
- 7.3 It is therefore anticipated that any changes to the overall cost of business mileage will be accommodated within Service budgets.

8 Legal implications

8.1 There are no legal implications of the recommendation proposed.

9 Equality Issues

9.1 No equality issues have been identified in the preparation of this report.

10 Conclusion and reasons for recommendation

10.1 This report recommends consideration is given in light of new ways of working post the Covid-19 pandemic to updating the Employment Benefits Policy in relation to Business Mileage as per sections 5.2 to 5.4 of this report. This will enable those officers who undertake site visits when working from home to be able to claim the full cost of their business mileage undertaken within the Borough, providing any claim is in accordance with HMRC guidance.

<u>Background Papers (Local Government Act 1972 Section 100D)</u>			
None			
It is considered that this report does not contain exempt information within the meaning of Schedule 12A of the Local Government Act 1972, as amended, and can be made public.			
No of Annexes:	0	File Ref:	n/a
Officer:	Alex Rowland	Ext:	8251
Report to:	General Purposes Committee	Date:	29 March 2022

ITEM 6

National Living Wage

Report of the Chief Executive

Recommended:

- 1. That, in response to the increase in the National Living Wage, Grade 1/2 is deleted from the Council's pay scales and employees on Grade 1/2 be assimilated onto the relevant salary point of Grade 3.**
- 2. That the Human Resources Manager be authorised to update all relevant policies accordingly.**

SUMMARY:

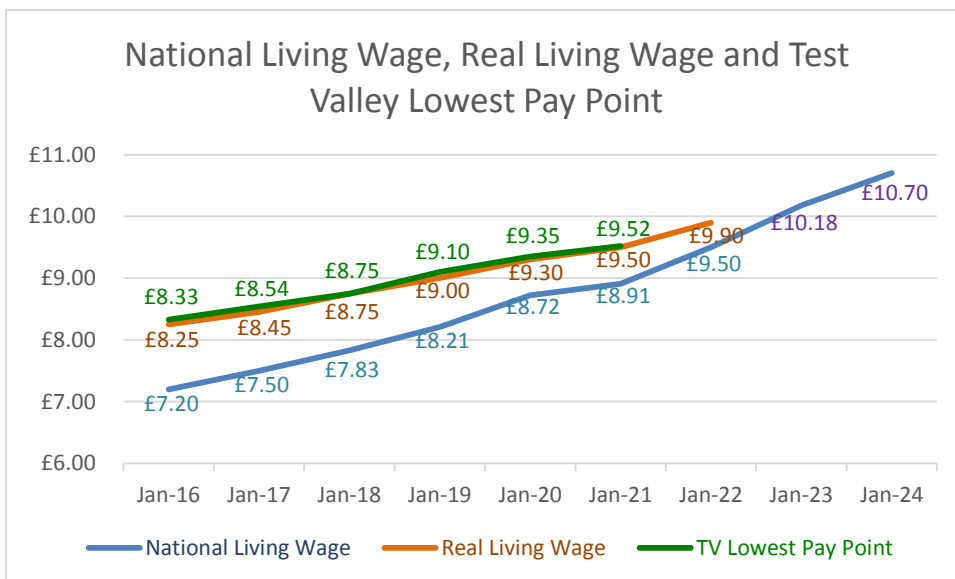
- This report recommends the removal of Grade 1/2 from the Council's pay scales, making Grade 3 the lowest grade to enable the Council to stay compliant with the National Living Wage (NLW), which was previously called the National Minimum Wage, now and in the next few years. This will have the additional benefit of supporting the recruitment and retention of good employees in a tight local labour market.

1 Introduction

- 1.1** Over recent years the National Living Wage (NLW), which was previously called the National Minimum Wage, has been increasing at a faster rate than inflation which has led to it butting up against the bottom point of the Council's pay scales. This report considers the implication of the recent and ongoing anticipated rise in NLW and the impact this has and will have on the lowest paid workers at the Council.
- 1.2** The NLW is the statutory minimum wage for those age 23 and over. For those under the age of 23 there is a statutory minimum wage for their age. With the exception of apprenticeship grades, the Council does not have different pay rates for those under the age of 23. Currently our training grade also complies with the NLW.
- 1.3** The hourly pay rate formerly described as the National Living Wage was not a statutory pay requirement and that is now described as the Living Wage Foundation real living wage.
- 1.4** Wherever the term NLW is used in this report it refers to the statutory minimum wage, however it was described at the time.

2 Background

- 2.1 In March 2020, the Government introduced a new target for the NLW to reach two-thirds of median earnings by 2024, providing economic conditions allow. This has led to some higher than inflation increases in the NLW in recent years. The Low Pay Commission’s recommendation on the NLW for those age 23 and over which applies from 1 April 2022 is to increase it from £8.91 to £9.50, an increase of 6.6%. This brings the NLW very close to our Grade 1/2 pay spine point of £9.52. It is anticipated the National Living Wage will rise to £10.18 in April 2023 and £10.70 in April 2024. These increases could be more than this if inflation pushes up the anticipated median earnings for 2024.
- 2.2 The question of the bottom of the pay spine is common across Local Government, the National Joint Council (NJC) pay spine for Green Book employees the lowest pay point is £9.50 an hour, the same as the NLW when this is increased in April. Initial indications from the LGA is that they will need to consider a notional bottom pay point figure of £10.25 for April 2023 and £11.00 for April 2024, this is to allow a bit of room should the predicted NLW rates rise at a faster rate than currently predicted.
- 2.3 Below is a graph which shows the changes in the NLW, the Living Wage Foundation real living wage and the Council’s lowest pay spine point. Whilst we are not signed up to the Living Wage Foundation as an accredited living wage employer, we have had sight of this over recent years and sought to increase the bottom pay spine point to be just above this rate. The real living wage rises in October each year, and organisations have 6 months to bring their lowest pay rates in line with this. The current real living wage is £9.90 per hour.



2.4 The matter of the NLW and maintaining some daylight between our bottom pay point and the NLW is compounded by the fact that annual inflationary awards are not agreed in time for the 1 April each year. In order to remain compliant and not dip below the NLW this means the previous year's pay award needs to have sufficient headroom to allow for the NLW increase on 1 April. By example:

2.5 The current NLW for April 2021 to March 2022 is £8.91, our current lowest pay point is £9.52. There is currently some headroom between the NLW and our lowest pay point. When the NLW goes up on 1 April 2022 to £9.50 our lowest pay point will remain compliant as it is 2p above this rate.

3 Corporate Objectives and Priorities

3.1 All organisations are required to pay people age 23 and over above the National Living Wage and for those under 23 above the National Minimum Wage for their age.

3.2 We strive to be a good employer and an employer of choice in the local area. In order to be able to recruit and retain good people the Council needs to offer a competitive total remuneration package, this includes a rate of pay considered to be fair for the work undertaken. Both Test Valley Borough Council and the LGA share a principle of not believing Local Government to be a minimum wage employer.

4 Consultations/Communications

4.1 This proposal has been shared with the Unions for their comment and any feedback will be provided at the meeting.

5 Options

5.1 With the NLW rising faster than inflation this report proposes

- the deletion of Grade 1/2, the bottom pay grade in our current pay scales (save for apprentice/trainee grades) as of 1 April 2022; and
- updating the job evaluation scheme to merge the points from Grade 1/2 with the points for Grade 3 to create a new Grade 3.

5.2 This is an option to provide some headroom between the NLW and the lowest pay point. Currently there are 51 FTE employees on Grade 1/2, these are cleaners and waste collection operatives and we have a further 27 casual roles at this grade, café/bar workers at The Lights and casual environmental services roles. There are 15 FTE employees on Grade 3, these are premises assistants, street cleaning operatives and admin and scanning assistants and a further 10 casual roles.

- 5.3 Deleting Grade 1/2 as of the 1 April 2022 from the Council's pay spine would make the new lowest pay point £10.43 per hour and would create some headroom above the NLW of £9.50 and help to make the Council more competitive in the local recruitment market. Test Valley is an area of full employment and there are some large local employers such as Ocado and Coop which we compete with.
- 5.4 Annex 1 to this report contains the current pay scales. Annex 2 contains the proposed pay scales following the deletion of current grade 1/2 .

6 Risk Management

- 6.1 The Council has always sought to be an employer of choice and with the impending increase in the NLW, our Grade 1/2 pay point is now butting up against the NLW in a way in which it previously never has. This increases the risk of being able to attract suitable candidates into these roles as we will be competing with a range of employers who pay at the NLW level, a recruitment market that we have never previously entered.

7 Resource Implications

- 7.1 The budget cost of deleting Grade 1/2, points 1-3 of the current pay scales are a total pressure over 2 years of £110,000. This is split as a maximum year 1 pressure of £60,000 and a maximum year 2 pressure of £50,000.
- 7.2 The budgetary pressure identified in this report can be contained within the balance of the general contingency provision that was approved as part of the 2022/23 budget. The ongoing financial impact will be built into the next Medium Term Financial Strategy update that will be considered in the autumn. The Head of Finance and Revenues has the required authority to update Service budgets in respect of the recommendations in the report.

8 Legal Implications

- 8.1 Approval of the proposed deletion of Grade 1/2 from our pay scales is a function delegated to the General Purposes Committee.

9 Equality Issues

- 9.1 An equality impact assessment has been completed. The increase in pay for those on Grade 2 will have an impact on household income at a time when inflation is high, having a positive impact on those from lower socio-economic groups.

10 Conclusion and reasons for recommendation

- 10.1 This report sets out the impact of the NLW on the lowest pay points of the Council's pay scales and the impact this will have over the next few years as it is anticipated the NLW will continue to rise at a faster rate than inflation.

10.2 It is recommended to

- remove Grade 1/2 from the Council’s pay scales (see Annex 1) to create some headroom between the Council’s lowest pay point and the NLW
- update the job evaluation scheme and merge the job evaluation points from Grade 1/2 with Grade 3 to create a new grade 3.

This will be helpful in enabling the Council to remain compliant in the next 2-3 years with NLW increases.

<u>Background Papers (Local Government Act 1972 Section 100D)</u>			
None			
It is considered that this report does not contain exempt information within the meaning of Schedule 12A of the Local Government Act 1972, as amended, and can be made public.			
No of Annexes:	2	File Ref:	n/a
Officer:	Alex Rowland	Ext:	8251
Report to:	General Purposes Committee	Date:	29 March 2022

Pay Scales 2021/22

Payroll version, divisible by 12

ANNEX 1

		Point 1	Point 2	Point 3	Point 4	Point 5	Point 6
1 / 2	HG0200	£18,359.16	£19,226.52	£20,090.04			
3	HG0300	£20,115.00	£20,726.16	£21,337.44			
4	HG0400	£21,365.40	£22,067.88	£22,750.92			
5	HG0500	£22,987.20	£24,098.04	£25,197.84			
6	HG0600	£25,382.88	£26,611.32	£27,821.76			
7	HG0700	£30,048.96	£31,509.24	£32,997.12			
8	HG0800	£33,422.76	£35,084.64	£36,731.76			
9	HG0900	£37,449.84	£39,304.20	£41,180.76			
10	HG1000	£42,972.12	£45,104.16	£47,239.80			
11	HG1100	£48,194.76	£50,578.92	£52,980.48			
SM1	HSM100	£55,893.48	£58,692.24	£61,475.04			
SM2	HSM200	£67,930.08	£71,305.68	£74,710.92			
SM3	HSM300	£76,465.32	£80,303.52	£84,123.24			
CO1	HCO100	£85,404.00	£89,664.12	£93,924.36			
CO2	HCO200	£100,094.40	£105,091.20	£110,073.12			
CE	HCE000	£119,963.04	£125,959.20	£131,940.48			
Training	Level 2/3	Year 1	£12,586.32	Year 2	£13,635.12		
Training	Level 4/4+	£18,375.60	£18,765.12	£19,658.28	£20,577.24	£21,577.32	£22,750.92
Hourly Rates							
1 / 2	HG0200	£9.52	£9.97	£10.41			
3	HG0300	£10.43	£10.74	£11.06			
4	HG0400	£11.07	£11.44	£11.79			
5	HG0500	£11.91	£12.49	£13.06			
6	HG0600	£13.16	£13.79	£14.42			
7	HG0700	£15.58	£16.33	£17.10			
8	HG0800	£17.32	£18.19	£19.04			
9	HG0900	£19.41	£20.37	£21.35			
10	HG1000	£22.27	£23.38	£24.49			
11	HG1100	£24.98	£26.22	£27.46			
SM1	HSM100	£28.97	£30.42	£31.86			
SM2	HSM200	£35.21	£36.96	£38.72			
SM3	HSM300	£39.63	£41.62	£43.60			
CO1	HCO100	£44.27	£46.48	£48.68			
CO2	HCO200	£51.88	£54.47	£57.05			
CE	HCE000	£62.18	£65.29	£68.39			
Training	Level 2/3	Year 1	£6.52	Year 2	£7.07		
Training	Level 4/4+	£9.52	£9.73	£10.19	£10.67	£11.18	£11.79

Pay Scales 2021/22

Payroll version, divisible by 12

ANNEX 2

		Point 1	Point 2	Point 3	Point 4	Point 5	Point 6
3	HG0300	£20,115.00	£20,726.16	£21,337.44			
4	HG0400	£21,365.40	£22,067.88	£22,750.92			
5	HG0500	£22,987.20	£24,098.04	£25,197.84			
6	HG0600	£25,382.88	£26,611.32	£27,821.76			
7	HG0700	£30,048.96	£31,509.24	£32,997.12			
8	HG0800	£33,422.76	£35,084.64	£36,731.76			
9	HG0900	£37,449.84	£39,304.20	£41,180.76			
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11	HG1100	£48,194.76	£50,578.92	£52,980.48			
SM1	HSM100	£55,893.48	£58,692.24	£61,475.04			
SM2	HSM200	£67,930.08	£71,305.68	£74,710.92			
SM3	HSM300	£76,465.32	£80,303.52	£84,123.24			
CO1	HCO100	£85,404.00	£89,664.12	£93,924.36			
CO2	HCO200	£100,094.40	£105,091.20	£110,073.12			
CE	HCE000	£119,963.04	£125,959.20	£131,940.48			
Training	Level 2/3	Year 1	£12,586.32	Year 2	£13,635.12		
Training	Level 4/4+	£18,375.60	£18,765.12	£19,658.28	£20,577.24	£21,577.32	£22,750.92
Hourly Rates							
3	HG0300	£10.43	£10.74	£11.06			
4	HG0400	£11.07	£11.44	£11.79			
5	HG0500	£11.91	£12.49	£13.06			
6	HG0600	£13.16	£13.79	£14.42			
7	HG0700	£15.58	£16.33	£17.10			
8	HG0800	£17.32	£18.19	£19.04			
9	HG0900	£19.41	£20.37	£21.35			
10	HG1000	£22.27	£23.38	£24.49			
11	HG1100	£24.98	£26.22	£27.46			
SM1	HSM100	£28.97	£30.42	£31.86			
SM2	HSM200	£35.21	£36.96	£38.72			
SM3	HSM300	£39.63	£41.62	£43.60			
CO1	HCO100	£44.27	£46.48	£48.68			
CO2	HCO200	£51.88	£54.47	£57.05			
CE	HCE000	£62.18	£65.29	£68.39			
Training	Level 2/3	Year 1	£6.52	Year 2	£7.07		
Training	Level 4/4+	£9.52	£9.73	£10.19	£10.67	£11.18	£11.79