

**TITLE OF INFORMATION NOTE: A ROUND UP OF CURRENT GOVERNMENT CONSULTATIONS AND UPDATE ON THE NJC PAY SCALES NATIONAL REVIEW**

INFORMATION NOTE OF THE CORPORATE HUMAN RESOURCES MANAGER

**1. SUMMARY**

- 1.1 This is a round up of the latest position on government consultations that will mean changes to pay, benefits and other HR employee policy and practices.

**2. STEPS TO DATE**

- 2.1 There is regularly an update to the Joint Staff Consultative Committee to inform the committee of the progress of any national pay negotiations, pay claims, pay awards and any changes in relation to pay and pensions that may be coming up. This paper is to show the latest position on a number of government consultations and to update JSCC on the work going on between the LG Employers and the Trade unions to review the national pay scales.

**3. INFORMATION TO NOTE****NJC Review of the national pay scales.**

As part of the 2016 -18 pay deal, the NJC agreed to conduct a review of the NJC pay spine. The primary reason for this review is the introduction of the National Living Wage. The National Joint Council Local Government Employers and Trade Unions wrote to Chief Executives on 22 August to provide the following update.

The Joint Secretaries do not underestimate the challenge we face in designing a restructured pay spine that is capable of withstanding annual changes to the National Living Wage rate (without the need for regular fundamental reviews) whilst retaining its current flexibility for local employers to apply local pay and grading structures. It is important to state from the outset that a restructured pay spine will not be possible without some additional cost for councils. However, both Sides will endeavour to achieve an outcome that is financially viable for employers and fair to employees. We have scheduled regular meetings for the foreseeable future and would aim to conclude our review by 30 June 2017.

**Exit Payment Cap**

The Exit Payment Regulations 2016 are awaited that propose a cap of £95,000 for exit payments. The cap will include payments related to voluntary and compulsory redundancies or other voluntary exits. Where a number of different payments are made they will be aggregated together to be measured against the cap. The cap on exit

payments, when the regulations are finalised, will require changes to the Councils Early Severance Policy and Pension Discretions. The further proposed reforms will be followed which may require further changes to the Councils Early Severance Policy and Pension Discretions.

### **Local Government Pension Scheme Regulations**

A consultation closed on 20 August on proposed changes to the Local Government pension scheme regulations and the feedback is currently being considered. Largely this was related to .... More details will follow when they publish the response to the consultation.

### **Off Payroll Workers**

A consultation closes on 5 October on making the public sector responsible for assessing the tax liability of contractors, who work through personal service companies.

At the Budget 2016 it was announced that, from April 2017, public sector bodies and agencies would be responsible for assessing the tax liability of contractors that apply to off-payroll working in the public sector. The Government believes that public sector bodies have a duty to ensure that people working for them are paying the right tax. The EELGA have sent a response to say interims and contractors provide short term capability or capacity for the public sector without building up employer liabilities. These arrangements allow a very agile approach to resourcing allowing the public sector to utilise talent for only so long as it is needed. For contractors it may be enough to discourage them from choosing to work in the public sector leading to a potential lack of talented resource being available.

### **Apprentice Levy**

The Government has now published some further guidance on the changes to apprenticeship funding. It gives more information on how apprenticeship training would be funded once the levy comes into effect next year. This includes proposed funding bands for existing apprenticeship frameworks and standards. It includes proposals on who should be able to provide apprenticeship training in England and an Apprenticeship funding calculator, to help employers understand what levy they will pay and how they could use the new digital service to plan and fund training. They have also updated the existing online guidance, which gives employers a clear explanation of how they will pay the levy, manage and use their funds in the new system.

### **Mandatory Gender Pay Gap Reporting**

On 18th August the Government issued a consultation on gender pay reporting. It runs up to 30 September 2016. Public bodies that are subject to these regulations are those with 250 or more employees and will have to calculate their mean and median gender pay gap, and information on the proportions of male and female employees in each salary quartile. Work will start in readiness to prepare any standard reports that will be needed for this.

### **Salary Sacrifice Benefits Schemes**

On 10 August a consultation was launched to consider limiting the range of benefits-in-kind that attract Income Tax and National Insurance Contributions advantages when provided as part of salary sacrifice arrangements. The purpose of the consultation is to explore potential impacts on employers and employees should the government decide to

change the way the benefits code applies when a benefit-in-kind is provided in conjunction with a salary sacrifice. The Council currently has salary sacrifice schemes for Bikes for work, Childcare Vouchers and Cars. It seems that provisions for Childcare and Bikes may be protected but not luxury items such as cars, white goods, or tech such as lap tops, tablets and smart phones.

### **Simplification of the tax and national insurance treatment of termination payments.**

In July 2015, the government published a consultation on the tax and National Insurance contributions (NICs) treatment of termination payments. The government announced at Budget 2016 that it would make changes to the taxation of termination payments from April 2018. The first £30,000 of a termination payment remains exempt from income tax; and this second consultation sets out proposals that any payment paid to any employee that relates solely to the termination of the employment continues to have an unlimited employee NICs exemption. The government will tax and subject to Class 1 NICs any payment that the employee would have received if they had worked their notice period, even if the employee is asked to leave employment immediately or part way through their notice period. This will also remove the confusion about the different rules for payments in lieu of notice (PILONs) by making all PILONs taxable and subject to Class 1 NICs. Align the rules for income tax and employer NICs so that employer NICs will be payable on payments above £30,000 (which are currently only subject to income tax).

## **5. APPENDICES**

5.1 None.

## **6. CONTACT OFFICERS**

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## **7. BACKGROUND PAPERS**

7.1

<https://www.gov.uk/government/consultations/local-government-pension-scheme-regulations>

Apprentice Levy [further guidance](#)

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/545135/Simplification\\_of\\_the\\_tax\\_and\\_National\\_Insurance\\_treatment\\_of\\_termination\\_payments-government\\_response\\_and\\_consultation\\_on\\_draft\\_legislation.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/545135/Simplification_of_the_tax_and_National_Insurance_treatment_of_termination_payments-government_response_and_consultation_on_draft_legislation.pdf)

<https://consult.education.gov.uk/equality-framework-team/gender-pay-gap-reporting-public-sector>

<https://www.gov.uk/government/consultations/salary-sacrifice-for-the-provision-of-benefits-in-kind>