

TITLE OF INFORMATION NOTE: A ROUND UP OF CURRENT GOVERNMENT CONSULTATIONS

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.

3. INFORMATION TO NOTE

National Joint Council (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 new 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.

Given the review is intended to apply to local pay and grading structures, for the Council NJC pay relates to all grades except those of Chief Officers.

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 has still not been published, More details will follow when the response to the consultation is published.

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.

The government announced at Autumn Statement that reforms to the tax rules for off-payroll working in the public sector will be implemented from 6 April 2017. The consultation on the draft legislation will run to 1 February 2017. EELGA are organising a number of stakeholder roundtables to discuss both the draft legislation and the new digital Employment Status Service and we are awaiting the details of these in the near future.

Mandatory Gender Pay Gap Reporting

On 18th August the Government issued a consultation on gender pay reporting. It closed on 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 has started 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.

In the autumn statement it was announced that from April 2017, benefits provided under salary sacrifice will be subject to tax on the higher of the statutory 'cash equivalent' and the salary sacrificed in the tax year in question. An exemption will apply in respect of childcare and cycles to work.

For our salary sacrifice car scheme "Ultra-low emission" cars will be added to the list of benefits for which the new legislation will not be applied. The Statement does not drill down to the specific CO2 emission details so we will need to await the draft legislation to identify where the Government intends to draw the distinction between 'low' and 'ultra-low' emissions. The draft legislation is expected to be made available on 5 December.

It was helpful to know that we will have plenty of time to prepare for the changes as it would appear that employees who are in salary sacrifice schemes as at April 2017, that the tax and employer NIC savings available from salary sacrifice are safe until April 2018 in all cases, subject to employees having joined the schemes prior to April 2017. Additionally, those in existing schemes as at April 2017 are protected from the changes until the end of the 2020/21 tax year. So we don't expect it to apply to the 4 employees we have that have taken up a car under the scheme.

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>

<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>

<https://www.gov.uk/guidance/employment-status-employment-intermediaries>