

## PERSONNEL COMMITTEE – 3RD OCTOBER 2018

### Report of the Head of Strategic Support

#### Part A

#### ITEM 8 NEW NATIONAL JOINT COUNCIL PAY SPINE – 1st APRIL 2019

##### Purpose of the Report

To gain Personnel Committee approval to implement the proposal relating to how the new National Joint Council (NJC) pay spine, which is effective from 1st April 2019, will be implemented within the Council.

##### Recommendation

That the Personnel Committee agree to the implementation of a revised NJC pay spine effective from 1st April 2019, set out as Option 1 in this report.

##### Reason

The national 2018 pay scales and allowances were agreed in April 2018 between the National Employers and the NJC Trade Union side. In order to comply with the principles of the pay agreement the Council needs to review and alter its local pay structure.

##### Policy Justification and Previous Decisions

With the exception of annual percentage increases applied to the pay scales, the pay structure was last revised in 2013, to take account of the Living Wage rate at that time. In order to ensure compliance with the NJC pay agreement from 1st April 2019, it is necessary to revise the current pay scale.

##### Implementation Timetable including Future Decisions

The revised pay structure needs to be implemented prior to 1st April 2019. Following agreement at Personnel Committee amendments will need to be made to the relevant processes and systems to ensure the 1st April 2019 deadline is met.

##### Report Implications

The following implications have been identified for this report.

##### *Financial Implications*

Estimated costs excluding on costs, casuals and skills groups.

##### Costings

Current Cost (pre-implementation): £4,817,764

Estimated Cost (post-implementation): £4,845,373

The additional payroll costs, which are estimated to be £27,609, arising from this implementation will be included within the base staff budgets from the 2019/20 financial year.

*Risk Management*

There are no specific risks associated with this decision.

Background Papers:

Appendices: Appendix A - Spreadsheet showing how the scale points will be assimilated onto the new pay spines.

Appendix B - Proposed payscales from April 2019 plus the current pay scales with a column added to show how the pay spines equate to the proposed pay spines.

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## **Part B**

### Background

#### **1. 2018 Pay Scales and Allowances**

- 1.1 The 2018 pay scales and allowances were agreed in April 2018 between the National Employers and the NJC Trade Union side.
- 1.2 At that time, if the Council had increased all the pay points in line with the NJC percentage increase, this would have meant that staff on spinal column point (SCP) 10 and 11 would be paid more than those on SCP 12.
- 1.3 It was therefore decided to increase SCP 11 and 12 at a higher percentage to, ensure that SCPs 10, 11 and 12 increased in the correct order and that a differential was maintained.

#### **2. 2019 Pay Scales and Allowances**

- 2.1 Further implications for implementing the new national pay SCPs from 1st April 2019 have been identified. This is primarily because the Council previously agreed to pay a 'living wage' and SCP 10 became the lowest adult rate. The problem is shared by many local authorities throughout the country and is particularly complex for those who have chosen to move away from the national pay scales. Following a regional meeting on this issue, the NJC for Local Government Services has released a frequently asked questions document to assist local authorities in determining their pay scale. It is apparent that nationally, the Trade Unions support council's adopting the National Pay Scales.
- 2.2 The NJC pay agreement for 2018 – 20 includes the introduction of a new pay spine on 1st April 2019 that features the following:
  - A bottom rate of £9.00 per hour
  - "pairing off" old SCPs 6 – 17 inclusive to create new SCPs 1 – 6 inclusive
  - Equal steps of 2% between each new SCP's 1 to 22 inclusive (equivalent to old SCPs 6 – 28 inclusive)
  - By creating equal steps between these pay points, new SCPs 10, 13, 16, 18 and 21 are generated to which no old SCPs will assimilate. This means that in some organisations the current number of pay points in a grade might change.
  - New SCPs 23 and above (equivalent to old SCPs 29 and above), 2% increase on 2018 rate.
- 2.3 In 2013 the old SCPs 6 – 9 were deleted from Charnwood's pay scales meaning that the current pay scale commences at SCP 10.
- 2.4 A pay scale working party has been established within the Council to formulate proposals for implementing the new pay spine prior to processing the 2019 pay award (from April 2019).

- 2.5 The LGA describes two core options for implementation of the new pay spine:
- ‘Assimilate’ and then apply increments
  - Apply increments, then assimilate
- 2.6 The working party considered these core options. Based on detailed calculations it was demonstrated that assimilating prior to incremental progression caused a number of avoidable problems, particularly in respect of employees who would be adversely affected (i.e. In theory they could lose pay). Therefore the working party concluded that the core option, of applying increments then assimilation, should be adopted.
- 2.7 Four sub-options were identified by the working party for the implementation of the new pay spine using the method of applying increments first. Two of these options were immediately discounted on grounds of:
- Excessive cost
  - Number of staff adversely affected
  - Width of pay bands (which could give rise to a risk of age discrimination)

This left two viable alternative options for SMT to consider at its meeting on 1st August 2018.

### 3. Senior Management Team (SMT) Decision

3.1 SMT agreed Option 1 at its meeting on 1st August 2018. The advantages and disadvantages of this option are outlined below. Based on the findings it is anticipated that the implementation of Option 1 would not lead to any employee being adversely affected, whereas Option 2 would have adversely impacted 55 employees.

#### 3.2 Option 1

This option would effectively reintroduce SCPs 6 – 9 which were deleted in 2013. Reintroducing the lower SCPs, as part of the broader assimilation process, helps to retain differentials between the grades.

Advantages	Disadvantages
<p>This alternative is considered the cleanest option in respect of maintaining differentials within the grades.</p> <p>Incremental progression, particularly where progression is automatic, is limited to 5 years to avoid any potential claims of age discrimination.</p> <p>This alternative can impact some employees, particularly on SCP 18 and 22; however, this can be mitigated in a way that leads to no employees being adversely affected, as demonstrated below</p>	<p>It will be necessary to change the Hay Job Evaluation scoring, particularly for jobs around SCP 18 and 22.</p> <p>This is likely to be a substantial piece of work. While the majority of this work could be carried out by the HR Strategy/Advisory team, it is envisaged that some consultancy time from Hay, to verify the outcome of that work, will be appropriate. This will also incur a cost to the Council.</p> <p>Potential consultancy cost to re-write</p>

<p>in our overall analysis:</p> <ul style="list-style-type: none"> <li>• Favourable impact = 133</li> <li>• Adversely impacted = 0</li> <li>• Not affected = 153</li> </ul> <p>(Favourable means that staff gain more incremental steps within the pay scale. For example, current scales 2 (SCPs 12 and 13) will now move up to cover the comparable points that would fall within the current scale 3).</p> <p>(There is no intention to reduce an employees' spinal column point within grade with the reintroduction of SCPs 6 – 9.)</p> <p>The reintroduction of these SCPs 6 - 9 will also give greater scope for employing casuals.</p>	<p>the payroll system on i-Trent.</p>
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#### 4. Union Consultation

- 4.1 UNISON, GMB and UNITE were sent the proposals via email on 14th August 2018 and a special JMTUM was held on the 18th September 2018 to discuss the proposals. UNISON raised some queries prior to the meeting which were discussed, and a written response was sent from the Council to all of the Unions on 12th September 2018 with further clarification sent on 14th September 2018.
- 4.2 On the 15th September UNISON confirmed that their National Office had advised that the pay offer could be signed off by their Head of Local Government as they did not believe that it raised any issues of legal complexity. As part of their agreement they confirmed that the offer would need to be signed off as a new collective agreement between the Council and the recognised Trade Unions.
- 4.3 GMB have also agreed the proposal and welcome the opportunity to enter into a Collective Agreement. At the time of submitting the report to Personnel Committee no formal response had been received from UNITE who have a very small membership within the Council.

#### 5. Additional Information

- 5.1 In order to implement Option 1, it will be necessary to restrict the percentage increase for SCP 10-11 to 4.5% and for SCP 12-13 to 5.8%. This is lower than the national headline figure but reflects the greater than national increase these employees have had in respect of 2018 (and prior) reflecting the previous Charnwood decision to match the bottom of our pay spine with the (then) living wage.

- 5.2 Information provided nationally from the Trade Unions support councils adopting the National Pay Scales.
- 5.3 Alignment to the new national pay spine will 'future proof' the Council in respect of pay awards in future years.

Current Scales		2018/19Pay Value	Payrise		2019/20Pay Value		Option 1			CurrentCost	Test 2Cost	
min							grade 2019	new scp	current	new		
not used	6		5.92%				1	1 17,364	0	0		
at present	7		5.27%									
	8		6.53%									
	9		5.71%									
scale1	10	17,252	7.13%	4.50%	18,482		1	3 18,065	2	37	12,488	289,528
	11	17,289	6.22%	4.50%	18,364				35		281,918	0
						Scale 1						
scale2	12	17,347	7.30%	5.80%	18,613							
	13	17,391	5.95%		18,426		2	4 18,426	2	7	31,190	81,174
									5		50,297	0
scale3	14	17,681	6.30%		18,795							
	15	17,972	4.58%		18,795		2	5 18,795	0	0	0	0
	16	18,319	4.65%		19,171				4	0	57,401	0
	17	18,672	2.67%		19,171		2	6 19,171	4	13	57,772	196,373
									5	0	80,050	0
						Scale 2						
scale4	18	18,870	3.63%		19,555		2	7 19,554	7	0	124,993	0
	19	19,446	2.57%		19,946				3	7	146,089	127,486
	20	19,819	2.65%		20,344				3	9	239,869	149,006
									3	10	0	0
	21	20,541	3.04%		21,165				3	11	1,279,794	1,529,387
						Scale 3						
scale5	22	21,074	2.44%		21,588		3	12 21,589	4	0	46,094	0
									4	0	0	0
	23	21,693	3.54%		22,461				4	4	405,359	47,959
	24	22,401	2.28%		22,912				4	20	45,823	413,482
									4	0	0	0
	25	23,111	3.14%		23,837				4	0	0	0
						Scale 4						
scale6												
	26	23,866	3.91%		24,799		5	18 24,313	0	0	0	0
	27	24,657	2.59%		25,296				5	8	180,632	0
									5	8	81,014	184,243
									5	0	0	0
	28	25,463	3.35%		26,316				5	50	1,077,625	1,159,726
						Scale 5						
											0	0

**Hourly Rates etc. from Annual Salaries**

**April 2018**

Grade	SCP	New Paypoints from 2019	Ann. Sal.	Hrly. Rate	Monthly	Wkly
1	10	3	17252	8.9422	1437.67	330.86
	11	3	17289	8.9613	1440.75	331.57
2	12	4	17347	8.9914	1445.58	332.68
	13	4	17391	9.0142	1449.25	333.53
3	14	5	17681	9.1645	1473.42	339.09
	15	5	17972	9.3154	1497.67	344.67
	16	6	18319	9.4952	1526.58	351.32
	17	6	18672	9.6782	1556.00	358.09
4	18	7	18870	9.7808	1572.50	361.89
	19	8	19446	10.0794	1620.50	372.94
	20	9	19819	10.2727	1651.58	380.09
	21	11	20541	10.6469	1711.75	393.94
5	22	12	21074	10.9232	1756.17	404.16
	23	14	21693	11.2441	1807.75	416.03
	24	15	22401	11.6110	1866.75	429.61
	25	17	23111	11.9790	1925.92	443.22
6	26	19	23866	12.3704	1988.83	457.70
	27	20	24657	12.7804	2054.75	472.87
	28	22	25463	13.1981	2121.92	488.33

JNC A	50	46675	24.1929	3889.58	895.14
	51	47877	24.8159	3989.75	918.19
	52	49065	25.4317	4088.75	940.97
	53	50267	26.0547	4188.92	964.02
JNC B	54	51467	26.6767	4288.92	987.04
	55	52657	27.2935	4388.08	1009.86
	56	53976	27.9772	4498.00	1035.16
	57	55286	28.6562	4607.17	1060.28
JNC C	58	57470	29.7882	4789.17	1102.16
	59	58768	30.4610	4897.33	1127.06
	60	60081	31.1416	5006.75	1152.24
	61	61381	31.8154	5115.08	1177.17
JNC D	62	66005	34.2121	5500.42	1265.85
	63	67651	35.0653	5637.58	1297.42
	64	69303	35.9216	5775.25	1329.10
	65	70953	36.7768	5912.75	1360.74
JNC E	66	72599	37.6300	6049.92	1392.31
	67	74270	38.4961	6189.17	1424.36
	68	75491	39.1290	6290.92	1447.77
	69	77614	40.2294	6467.83	1488.49

Grade	SCP	New Paypoints from 2019	Ann. Sal.	Hrly. Rate	Monthly	Wkly
S.O.1	29	23	26470	13.7201	2205.83	507.64
	30	24	27358	14.1804	2279.83	524.67
	31	25	28221	14.6277	2351.75	541.22
S.O.2	32	26	29055	15.0600	2421.25	557.22
	33	27	29909	15.5026	2492.42	573.60
	34	28	30756	15.9417	2563.00	589.84
PO1	35	29	31401	16.2760	2616.75	602.21
	36	30	32233	16.7072	2686.08	618.17
	37	31	33136	17.1753	2761.33	635.48
	38	32	34106	17.6780	2842.17	654.09
PO2	39	33	35229	18.2601	2935.75	675.62
	40	34	36153	18.7391	3012.75	693.35
	41	35	37107	19.2335	3092.25	711.64
	42	36	38052	19.7234	3171.00	729.76
PO3	43	37	39002	20.2158	3250.17	747.98
	44	38	39961	20.7128	3330.08	766.38
	45	39	40858	21.1778	3404.83	783.58
	46	40	41846	21.6899	3487.17	802.53
Grade	SCP		Ann.Sal	Hrly Rate	Monthly	Wkly
PO4	47	41	42806	22.1875	3567.17	820.94
	48	42	43757	22.6804	3646.42	839.18
	49	43	44697	23.1676	3724.75	857.20

		90	118958	61.6591	9913.17
					2281.39

Group 1	25	23111	11.9790	1925.92	443.22
	27	24657	12.7804	2054.75	472.87
	31	28221	14.6277	2351.75	541.22

Group 2	25	23111	11.9790	1925.92	443.22
	26	23866	12.3704	1988.83	457.70
	28	25463	13.1981	2121.92	488.33

Group 3	23	21693	11.2441	1807.75	416.03
	24	22401	11.6110	1866.75	429.61
	27	24657	12.7804	2054.75	472.87

Group 4	18	18870	9.7808	1572.50	361.89
	19	19446	10.0794	1620.50	372.94
	20	19819	10.2727	1651.58	380.09

**Hourly Rates etc. from Annual Salaries 1st April 2019**

Grade		Ann. Sal.	Hrly. Rate	Monthly	Wkly
1	1	17364	9.0002	1447.00	333.01
	2	17711	9.1801	1475.92	339.66
	3	18065	9.3636	1505.42	346.45
2	4	18426	9.5507	1535.50	353.38
	5	18795	9.7419	1566.25	360.45
	6	19171	9.9368	1597.58	367.66
	7	19554	10.1354	1629.50	375.01
3	8	19945	10.3380	1662.08	382.51
	9	20344	10.5448	1695.33	390.16
	10	20751	10.7558	1729.25	397.96
	11	21166	10.9709	1763.83	405.92
	12	21589	11.1902	1799.08	414.04
4	13	22021	11.4141	1835.08	422.32
	14	22462	11.6427	1871.83	430.78
	15	22911	11.8754	1909.25	439.39
	16	23369	12.1128	1947.42	448.17
	17	23836	12.3548	1986.33	457.13
5	18	24313	12.6021	2026.08	466.28
	19	24799	12.8540	2066.58	475.60
	20	25295	13.1111	2107.92	485.11
	21	25801	13.3733	2150.08	494.81
	22	26317	13.6408	2193.08	504.71
SO1	23	26999	13.9943	2249.92	517.79
	24	27905	14.4639	2325.42	535.16
	25	28785	14.9200	2398.75	552.04
SO2	26	29636	15.3611	2469.67	568.36
	27	30507	15.8126	2542.25	585.07
	28	31371	16.2604	2614.25	601.64
PO1	29	32029	16.6015	2669.08	614.25
	30	32878	17.0415	2739.83	630.54
	31	33799	17.5189	2816.58	648.20
	32	34788	18.0315	2899.00	667.17
PO2	33	35934	18.6255	2994.50	689.15
	34	36876	19.1138	3073.00	707.21
	35	37849	19.6181	3154.08	725.87
	36	38813	20.1178	3234.42	744.36
PO3	37	39782	20.6201	3315.17	762.94
	38	40760	21.1270	3396.67	781.70
	39	41675	21.6013	3472.92	799.25
	40	42683	22.1237	3556.92	818.58
PO4	41	43662	22.6312	3638.50	837.35
	42	44632	23.1340	3719.33	855.96
	43	45591	23.6310	3799.25	874.35

Grade		Ann. Sal.	Hrly. Rate	Monthly	Wkly
JNC A	50	47609	24.6770	3967.42	913.05
	51	48835	25.3125	4069.58	936.56
	52	50047	25.9407	4170.58	959.81
	53	51273	26.5762	4272.75	983.32
JNC B	54	52497	27.2106	4374.75	1006.79
	55	53711	27.8398	4475.92	1030.07
	56	55056	28.5370	4588.00	1055.87
	57	56392	29.2295	4699.33	1081.49
JNC C	58	58620	30.3843	4885.00	1124.22
	59	59944	31.0706	4995.33	1149.61
	60	61283	31.7646	5106.92	1175.29
	61	62609	32.4519	5217.42	1200.72
JNC D	62	67326	34.8969	5610.50	1291.18
	63	69005	35.7671	5750.42	1323.38
	64	70690	36.6405	5890.83	1355.70
	65	72373	37.5128	6031.08	1387.98
JNC E	66	74051	38.3826	6170.92	1420.16
	67	75756	39.2663	6313.00	1452.85
	68	77001	39.9117	6416.75	1476.73
	69	79167	41.0344	6597.25	1518.27
	74	91012	47.1739	7584.33	1745.44
	90	121338	62.8927	10111.50	2327.03
Group 1	17	23836	12.3548	1986.33	457.13
	20	25295	13.1111	2107.92	485.11
	25	28785	14.9200	2398.75	552.04
Group 2	17	23836	12.3548	1986.33	457.13
	19	24799	12.8540	2066.58	475.60
	22	26317	13.6408	2193.08	504.71
Group 3	14	22462	11.6427	1871.83	430.78
	15	22911	11.8754	1909.25	439.39
	20	25295	13.1111	2107.92	485.11
Group 4	7	19554	10.1354	1629.50	375.01
	8	19945	10.3380	1662.08	382.51
	9	20344	10.5448	1695.33	390.16