

EMPLOYMENT AND APPEALS COMMITTEE

27 March 2019

NJC PAY SCALE APRIL 2019

Report of the Strategic Director for Resources

Strategic Aim:	Sound Financial and Workforce Planning	
Exempt Information	No	
Cabinet Member(s) Responsible:	Mr O Hemsley, Leader and Portfolio Holder for Rutland One Public Estate and Growth, Tourism and Economic Development, Communications and Resources (other than Finance)	
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Ward Councillors	N/A	

DECISION RECOMMENDATIONS

That the Committee notes the update on the implementation of the amended Pay Spine for employees on National Joint Council terms and conditions of employment, effective April 2019.

1 PURPOSE OF THE REPORT

- 1.1 To provide Members with an update regarding national pay bargaining and in particular the implementation of the amended NJC Pay Scale for April 2019.
- 1.2 For Members to note the Council's successful work in reaching a collective agreement with Unison regarding the assimilation and implementation process.
- 1.3 The Council's annual pay policy has been updated and was approved by Full Council on 11 March 2019.
- 1.4 A copy of the new pay scale for April 2019 is shown as Appendix A.

2 NATIONAL PAY BARGAINING – CONTEXT

2.1 Employment Committee was advised last July of the agreement reached between the Trade Unions (Unison, GMB and Unite) and the National Employers for a two year pay deal for April 2018 and April 2019 – supplemented with an amended pay scale for April 2019.

2.2 The two year pay deal was far more complex than any other set of negotiations over the past few years and certainly since the Single Status Agreement of the 1990s. In particular:

- a) The introduction of the National Living Wage announced by George Osborne in the July 2015 budget set a forecast target of reaching at least £9.00 per hour by 2020.
- b) At the time, the lower rate on the NJC Pay scale was £7.00 per hour highlighting a substantial increase required over the subsequent 5 years. Some headway was made between 2016 and 2018 by introducing higher minimum hourly rates, bottom loading increases to assist in maintaining differentials and then annual pay awards of 1% further up the pay scale.
- c) Costs and budget pressures on the sector was a significant issue – specifically:
 - i) A one year only settlement for April 2018 – with a new pay spine - was not achievable in the timescale.
 - ii) Expectations of the Unions was much higher than affordability of the sector.
 - iii) Recognition that the work on the pay spine and introduction of the NLW could not be delivered within a 1% increase to the overall pay bill.
 - iv) Recognition that costs locally could vary significantly depending on each Council's workforce profile.

2.3 Following collaborative work with National Employers and authorities, an offer and a revised pay spine was developed and agreed, to be effective 1 April 2019 based on:

- A bottom rate of £9.00 per hour on a new pay point 1;
- Increases between 2.3% and 7.3% on pay points in 1 to 22;
- An increase of 2% for new pay points 23 and above;
- Merging the lower 12 pay points into 6 new pay points in order to deal with the compacting of differentials at the lower end of the pay scale; and
- Renumbering of all pay points.

2.4 Rutland, as most authorities in the UK remain aligned to the national pay bargaining framework with the majority of staff on the NJC Green Book terms and conditions of employment. Other staff groups include:

NJC Green Book 93.1%	JNC Chief Officers 3.5%	FENJC (Tutors) 2.8%	JNC Pink (Youth) 0.6%
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2.5 Full Council were advised on 11 March 2019 of the risks and inherent costs associated with moving away from national pay bargaining and that the Council would require significant investment in pay in order to achieve such an outcome and successfully negotiate with the Trade Unions. The Council is therefore not currently recommending or proposing any change.

3 IMPLEMENTATION

3.1 Whilst implementation of the pay spine is mandatory (*as per alignment to national pay bargaining*), there were considerations open to us to support the implementation. Our objective was also to avoid any disruption to the organisation and any further budget pressure. In all cases, as illustrated below, the Council undertook a modelling exercise across all staff to fully understand and assess the implications of any emerging options. In addition, the Council worked closely with National Employers, East Midlands Councils and authorities in the region.

3.2 The process of assimilation of staff from one pay scale to the other

3.2.1 For pay assimilation purposes, the model is:

Apply the annual incremental progression (within grade) and then assimilate across to the new pay scale. To illustrate

Grade PO1	Current pay point		New pay point
	35	↓	29
	36		30
	37	→	31
	38		32

3.2.2 This model presents no disadvantage to any employee and is the approach adopted by most authorities.

3.3 Impact on the current pay structure

3.3.1 The Council uses a Job Evaluation Scheme to determine the 'grade' of each post. The pay grade range has aligned to it a number of pay points and associated values which therefore determines the pay range.

3.3.2 Any departure from this arrangements would require a full JE review of all posts to determine a new rank order of jobs and a new grading structure. Our assimilation model therefore results in no grade shift (and subsequent budget pressure) for any group of staff – employees remain within their existing grade and move across to the new pay spine in their existing grade. For example:

Grade SO1	Current pay scale		New pay scale	
	Pay Point	Value	Pay Point	Value
Grade SO1	29	£26,470	23	£26,999
	30	£27,358	24	£27,905
	31	£28,221	25	£28,785
Grade SO2	32	£29,055	26	£29,636
	33	£29,909	27	£30,507
	34	£30,756	28	£31,371

3.3.3 However, the new pay grade structure included the removal of the current pay points 6 to 17 and the creation of new points 1 to 6. For Rutland this impacts on our Scale 1, 2 and 3 posts and whilst representing a shorter number of pay point steps in each grade, this is compensated by the greater %age increase on the pay points. In accordance with the national agreement, the pay point ranges for Scales 1, 2 and 3 have become

Grade	Current pay point range	New pay point range
1	6 to 10	1 to 3
2	11 to 13	2 to 4
3	14 to 17	5 to 6

3.4 Use of additional pay points

3.4.1 To even out the difference in value between each pay point, this resulted in 5 new pay points to the pay range. As part of our union consultation, Unison expressed concern about the large number of pay points this would result in for the Rutland pay structure. For example our Grade 5 would increase from 4 pay points to 6. This has been a common factor for a number of authorities.

3.4.2 Guidance from the LGA advised that good practice (particularly where incremental progression is largely automatic) would limit incremental progression to five years which is the case with a six point grade. They also advised that it is possible for authorities to 'lose' any or all of the new scps.

3.4.3 The Council fully modelled the pay progression of a small proportion of staff who would be affected by the new points (Grades 4, 5 and 6); as a consequence we could evidence some negative impact by way of pay progression in subsequent years. Therefore on a no detriment basis and no further budget pressure, the Council agreed as part of its collective agreement to remove the 5 new pay points from the pay structure. We are aware of other authorities who have also adopted the same approach.

3.5 Other implications associated with a new scale

3.5.1 A number of other employee provisions are aligned to pay points and will be assimilated across to the new pay points. These represent no contractual change nor cost pressure.

- Changes in annual leave entitlement (from 24 to 26 to 27 days)
- Changes to employee notice periods (between 4 weeks, 8 weeks, and 12 weeks)
- Eligibility for overtime – remains top of Scale 6 (new point 22)
- Changes in provision for Weekend enhancements – remains at Scale 2

4 CONSULTATION

4.1 The Council reached a Collective Agreement with Unison at the end of January 2019 – this contains the provisions and issues highlighted in this paper and represents a formal agreement between Unison and Rutland. Both parties recognise their common interest and joint purpose in furthering the aims and objectives of the Council. Both parties declare their commitment to maintaining good industrial and employee relations.

5 ALTERNATIVE OPTIONS

5.1 Throughout the planning phase of the implementation, the Council has considered alternative models and approaches e.g. assimilation, changing the grade structure. Options have been fully modelled to assess financial implications and the scale of impact on the organisation and individuals. The model adopted and as agreed with the Unions, represents the most practical outcome.

6 FINANCIAL IMPLICATIONS

6.1 The impact on the local government pay bill was a significant factor in the national negotiations. The introduction of the National Living Wage was also identified as a pressure on pay. The first year of the pay offer (2018) increased the national pay bill by 2.7%, the second year (2019) by 2.8%.

- 6.2 From Rutland's perspective, our planning assumption and provision is for 2% uplift year on year. Our Medium Term Financial Plan therefore reflects the pay award for 2019/20 and implications of the new pay scale at £390,000 (including Pension and National Insurance contributions).

7 LEGAL AND GOVERNANCE CONSIDERATIONS

- 7.1 As the Council remains part of local government national pay bargaining, we are legally and contractually required to implement national pay awards (and the 2019 amended pay scale), as negotiated and agreed by National Employers and the recognised trade unions.

8 DATA PROTECTION IMPLICATIONS

- 8.1 A Data Protection Impact Assessments (DPIA) has been completed. No adverse or other significant risks/issues were found. A copy of the DPIA can be obtained from the Head of HR.

9 EQUALITY IMPACT ASSESSMENT

- 9.1 An Equality Impact Assessment (EqIA) has been completed. No adverse or other significant issues were found. A copy of the EqIA can be obtained from the Head of HR.

10 COMMUNITY SAFETY IMPLICATIONS

- 10.1 There are no Community Safety implications arising from this report.

11 HEALTH AND WELLBEING IMPLICATIONS

- 11.1 There are no Health and Wellbeing implications arising from this report.

12 CONCLUSION AND SUMMARY OF REASONS FOR THE RECOMMENDATIONS

- 12.1 The Council has taken all steps necessary to enable the implementation of the amended pay scale for April 2019 in accordance with the national agreement.

13 BACKGROUND PAPERS

13.1 There are no background papers.

14 APPENDICES

14.1 Appendix A – Pay Scale April 2019

A Large Print or Braille Version of this Report is available upon request – Contact 01572 722577.