

Date of issue: Monday, 15 October 2018

MEETING	EMPLOYMENT & APPEALS COMMITTEE (Councillors Brooker (Chair), Chaudhry, B Bains, Bedi, N Holledge, Hussain, Sabah, Sarfraz and Smith)
DATE AND TIME:	TUESDAY, 23RD OCTOBER, 2018 AT 6.30 PM
VENUE:	VENUS SUITE 2, ST MARTINS PLACE, 51 BATH ROAD, SLOUGH, BERKSHIRE, SL1 3UF
DEMOCRATIC SERVICES OFFICER: (for all enquiries)	CATHERINE MEEK 01753 875011

SUPPLEMENTARY PAPERS

The following Papers have been added to the agenda for the above meeting:-

* Item 4 was not available for publication with the rest of the agenda.

PART 1

<u>AGENDA ITEM</u>	<u>REPORT TITLE</u>	<u>PAGE</u>	<u>WARD</u>
4.	Implementation of the 2018-20 NJC Pay Award	1 - 10	All

SLOUGH BOROUGH COUNCIL

REPORT TO: Employment and Appeals Committee
DATE: 23 October, 2018
CONTACT OFFICER: Surjit Nagra, People Service Lead
AUTHOR: Belinda Collins, Interim HR Business Partner
For all enquiries 01753 875727
WARD(S): All

PART I
FOR INFORMATION**PROGRESS ON IMPLEMENTATION OF THE NJC PAY AWARD 2019/2020****1. Purpose of Report**

- 1.1 This report seeks to provide members with information on the Council's implementation of the pay award for 2019/2010, which introduced a new pay spine to be implemented by 1st April 2019.

2. Recommendation(s)/Proposed Action

- 2.1 The Committee is requested to resolve that the contents of this report be noted.

3. Supporting Information

- 3.1 As part of the NJC pay agreement for 2018 – 2020 there was inclusion of the introduction of a new pay spine to be implemented on 1 April 2019 – please see the circular which includes details in Appendix A. The new pay spine will apply to staff who are on the NJC terms and conditions (known as the Green Book). This is a nationally agreed part of the terms and conditions. This report highlights the main areas that are being considered in relation to achieving the new pay spine requirements.

The majority of roles at the council (paid on Level 1 to 10) have pay rates based on the national pay spine which is determined by the NJC for local government services which comprises of the national employers and the recognised trade unions – UNISON, GMB and UNITE.

Different pay scales apply to senior management staff on are paid on the Senior Management pay rates, SML 11 to 16.

A small number of specialist employees are covered by different terms and conditions, including Teachers and Soulbury and therefore have salary scales which are negotiated separately by their national negotiating bodies.

The NJC pay award is negotiated and applied to the national pay spine on an annual basis. Following a three year pay freeze from 2010 to 2012 the majority of staff have been subject to a 1% pay increase each year from 2013 until the most

recent two year pay deal agreed in 2016. In order to meet national living wage requirements these pay deals have had bottom loaded pay increases, meaning those on the lowest spinal points have received a higher percentage annual increase than those further up the pay spine.

The recent changes to the national pay spine have meant that points 1 to 5 of the pay spine have been removed so that all of the lowest paid workers have been placed onto point 6. At Slough we our lowest SCP is 9.

Individual councils negotiate local arrangements for how they map grades against the national pay spine. SBC currently has 10 grades, each grade spanning between 3 and 5 points of the national pay scale, except for the lowest grade which now has just one salary point. The council's pay grades were implemented and agreed with the unions as part of the single status agreement in 2010.

Each council also has the discretion for how employees progress through the grades and in Slough incremental progression is based on time served in the grade.

The government has planned for the national living wage rate to continue to increase, with an expectation that it will reach at least £9 per hour by 2020 (potentially £10 per hour under a labour government). Currently the lowest point of the Slough pay scale is £9.16 (inc) per hour.

- 3.2 The attached appendix provides LA technical advice on issues related to the introduction of the new pay spines. We are currently reviewing the options available to us and what approach we will take to implement the new pay spine.

The key considerations that we are reviewing are:

- how we pair the old SCP's 6-17 to create the new SCP's 1-6 inclusive
- how to create the equal steps between pay points (for Slough this will mean that the current grade will change)
- how we assimilate to the new SCP
- how we deal with the annual pay rise on the 1st April ie do we action the pay rise before we assimilate onto the new pay spine or assimilate and then apply the pay award
- understand the financial impact of the above

4 Financial implications

- 4.1 It is important to understand that there is no "cost neutral" option of implementing a new pay scale in 2019, as even if we decided not to continue to be part of national pay bargaining we would still need to implement a new pay spine which met living wage requirements going forward.
- 4.2 The exact increase in costs can only be determined once there is agreement on how the pay spinal points will be grouped in grades from April 2019. Any changes to the grading structures will involve negotiation with the unions who will take a view on the impact on grades and pay and on the application of all the spinal points in the new table.

5. Next steps

- 5.1 A working group is being set up consisting of Trade Unions, HR and Finance to discuss the matter in hand.
- 5.2 An Equality Impact Assessment will need to be carried out as suggested in the circular.
- 5.3 To engage with HAY to ensure we can adapt our current pay arrangements in relation to how our pay is determined in the future.
- 5.4 Estimated Costs has been identified by Finance colleagues as being approximately £340,000 (if Option A is adopted) based on an overall 3% uplift to the paybill, if the council can reach agreement to increment first and then assimilate onto the new pay spine.

6. Consultation

- 6.1 Pragmatically we may reach agreement with the trade unions that we will increment first and then assimilate onto the new pay spine to ensure everyone receives a timely cost of living and pay spine award. It may take longer to resolve some of the more detailed work in relation to the long term sustainability of the pay spine and pay grades and how job evaluation scores will need to be adapted.

7. Conclusion

- 7.1 It is recommended that this committee note the contents of this report and receive a further report to outline the options for consideration with the implementation of a new pay spine in April 2019.

8. Background Papers

None.

9. Appendices

Appendix A – NJC – New Pay Spine 1 April 2019 – dated 14th June 2018

National Joint Council for Local Government Services

Employers' Secretary:
Simon Pannell

Trade Union Secretaries
Rehana Azam, GMB
Jim Kennedy, Unite
Heather Wakefield, UNISON

Address for correspondence:
Local Government Association
18 Smith Square
London SW1P 3HZ
Tel: 020 7187 7373
info@local.gov.uk

Address for correspondence:
UNISON Centre
130 Euston Road
London NW1 2AY
Tel: 0845 3550845
localgovernment@unison.co.uk

**To: Chief Executives in England, Wales and N Ireland
(copy to Finance Director and HR Director)
Members of the National Joint Council**

14 June 2018

Dear Chief Executive,

New Pay Spine 1 April 2019

The NJC pay agreement for 2018-20 includes the introduction of a new pay spine on 1 April 2019 that is based on the following:

- A bottom rate of £9.00 per hour (£17,364) on new Spinal Column Point (SCP)1 (equivalent to old SCPs 6 & 7)
- 'Pairing off' old SCPs 6-17 incl. to create new SCPs 1-6 incl.
- Equal steps of 2.0% between each new SCPs 1 to 22 incl. (equivalent to old SCPs 6-28 incl.)
- 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
- On new SCPs 23 and above (equivalent to old SCPs 29 and above), 2.0% increase on 2018 rate

This circular provides technical advice on issues related to assimilating employees to the new pay spine next April. However, this is not an exhaustive list and we will provide further guidance as necessary over the coming months. This circular does not discuss the wider issues around strategic approaches to pay and reward and development of good quality career structures linked to progression frameworks. Councils should take the opportunity to review their approach to career development in the light of any changes to grading structures they may need to make.

1. We use the NJC spine without any local variations in individual spine point values and our contracts provide for automatic link to the NJC settlement. Is the 2019 pay spine in the pay circular mandatory?

Yes. Agreements reached by the NJC are collective agreements and if they are incorporated into employees' contracts of employment then the changes will take effect automatically. The new spine will replace entirely the current spine and accordingly employees should assimilate across from their current SCP to the new corresponding SCP in April 2019.

2. How do we go about achieving the necessary changes to our grading structure?

Local employers should consider various options and present formal proposals around which there would be local negotiations with a view to reaching agreement. Discussions should start well in advance and reasonable facility time arrangements should be agreed.

In terms of measuring the impact of any changes, an equality impact assessment (EIA) will need to be carried out on proposals prior to implementation. Joint advice on carrying out EIAs is set out in the Green Book Part 4.11. This includes a recommended template for this exercise – see *template 3*.

Once assimilation has happened, employers will continue to have to meet gender pay reporting requirements, but it is recommended they also do a broader equal pay audit. Further advice on carrying out Equal Pay Audits is set out in the Green Book Part 4.10.

3. As an example, our current SCPs 8 and 9 are in different grades within our organisation. They are merged into a single point in the new pay spine. How can we address this?

It was recognised that by merging two pay points together at the lower end of the spine that this was likely to be a result. It was recognised by employers and unions during both the technical discussions and negotiations that a structure that has a pay point that is both the top of one grade and the bottom of another would be an acceptable approach to dealing with this.

4. We pay the Living Wage Foundation (LWF) rate as a supplement. What impact might this have on our arrangements?

This should be relatively straightforward; the bottom-loading in the NJC pay deal in 2018 and 2019 should significantly narrow the gap with the LWF rate, so you will merely reduce the level of the supplement.

5. We introduced the Living Wage Foundation rate by removing all pay points below that rate from our pay structure. Some of those pay points may now be above the LWF rate by 2019. What are our options?

In April 2017 the LWF rate was between SCPs 12 and 13. In April 2018 it was between SCPs 10 and 11. The LWF rate for next April is not yet known but we would expect it to be below the hourly value of SCP 2 on the new pay spine. This highlights the potential problems that can be caused by removing pay points from the structure. A council that used SCP 11 as its minimum point as a way of dealing with the LWF rate would find that point assimilating on to new SCP 3. It would need to consider whether to reintroduce the lower points as part of the broader assimilation process. This would be likely to assist with the erosion of differentials between the bottom two grades within a typical pay structure. However, care should be taken to ensure introducing lower points does not give rise to claims for unlawful deduction of wages.

Those councils that have some alternative 'low pay supplement' will need to consider the basis on which it has been paid and whether it can be included as part of the assimilation process

6. Our council contractually applies NJC settlements, but for historical reasons has some variations in the cash value of particular spine points. How do we apply the new pay spine?

You have a number of choices. You could calculate the percentage increase from 2018 to 2019 for a relevant NJC spine point and apply the same percentage increase to your cash value. However, it is recognised that this may produce some anomalous results such as individual pay points leapfrogging one another. Alternatively you could identify the nearest 'matching' point and use that as the basis to fully return to using the NJC spine. If you do the latter we would advise that you need to ensure that the pay increase is a minimum 2% from 2018 to 2019, but recognise that could also produce anomalies which could be addressed by an assimilation adjustment. There will no doubt be other options based on specific local circumstances and it is not possible to give an answer to all of those in such general guidance

7. Our existing pay structure was built on a principle of grades that were all the same number of pay points. The new spine would create much shorter grades at the bottom end.

This is an almost inevitable consequence of having to address the impact of the National Living Wage. To have evened out gaps in pay points and not merged some existing points would have been far too costly. It is of course open to councils to look to use linked or career grades, providing they represent genuine steps in the demands of the job (see Green Book Part 4.9 and [NJC JE Technical Note 7](#) for more detailed joint advice).

Breadth of grades should recognise the time period required for an employee to become fully competent in their role. We would therefore advise 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.

8. We have local pay bargaining with an entirely locally determined pay spine. Does the new NJC spine have any implications for us?

From a contractual point of view it is unlikely to have any impact. Clearly any arrangements you have in place will need to be compliant with the level of the National Living Wage. More broadly you may wish to look again at your arrangements in the light of the new national structure. The advantages of the NJC pay spine are:

- The NJC pay spine is transparent
- Using the NJC pay spine aids comparability with other NJC employers
- It becomes easier to apply future NJC pay awards
- Using the NJC pay spine future proofs the employer against National Living Wage increases and so provides stability
- The NJC pay spine provides a sound basis for future pay and grading exercises

9. Do we have to use all the points in the spine?

This isn't a requirement at present and will not be so in the future. Some councils will already not use particular spine points, although the creation of points that do not link into the assimilation process (new SCPs 10, 13, 16, 18 and 21) is likely to raise such issue again.

You may well have to use pay points that currently sit outside any local grading structures eg. Grade 'x' = SCPs 13-16 and Grade 'y' = SCPs 18-21.

If consideration is being given to not using particular points within a grade that of course will result in unequal steps and as with other changes this will need it to be part of your equality impact assessment.

10. If an employee is due an increment on 1 April 2019 how do we interpret the assimilation table?

The NJC agreement is silent on the approach to be taken with regard to the chronology of assimilation and increments when moving to the new pay spine on 1 April 2019. The two potential approaches produce different outcomes at some pay points – those in red in the third column.

Either of the approaches below are acceptable but it is important to use the same approach for the entire workforce covered by the agreement.

At the lower end at the six points which are the result of merging two existing points in to one, deciding what pay point an employee would have been on after getting an increment and then assimilating them to that one produces a lower outcome. Further up the spine there are five points where the result is the opposite. Clearly where increments are paid on a service anniversary date this won't be an issue

SCP at 31 March 2019	<u>Approach A</u> <i>New SCP if “assimilate first and then increment”</i>	<u>Approach B</u> <i>New SCP if “increment first and then assimilate”</i>
6	2	1
7	2	2
8	3	2
9	3	3
10	4	3
11	4	4
12	5	4
13	5	5
14	6	5
15	6	6
16	7	6
17	7	7
18	8	8
19	9	9
20	10*	11
21	12	12
22	13*	14

23	15	15
24	16*	17
25	18*	19
26	20	20
27	21	22
28	23	23

*Pay points not used for direct assimilation

A specific example is shown below where a current four point grade (SCP 18 – SCP 21) would become a five point grade in 2019 (New SCP 7 – SCP 11). Using 'Approach A' above, new SCP 10 is not used in the assimilation table. Old SCP 20 becomes new SCP 9. An employee on SCP 20 would therefore automatically move across to SCP 9 and if pay progression is applicable would then move up to SCP 10.

Current grade 31 March 2019	Assumed new grade 1 April 2019
SCP 18	SCP 7
SCP 19	SCP 8
SCP 20	SCP 9
	SCP 10
SCP 21	SCP 11

Similarly, a specific example using 'Approach B' would result in an employee on SCP 20 first receiving an increment to SCP 21 and then assimilating to SCP 11.

From SCP 28 on the existing pay spine this is more straightforward. Effectively the new pay spine merely re-numbers existing pay points. For example, an employee who was on SCP 30 on 31 March 2019 would automatically move across on to new SCP 24. If an increment is due on 1 April 2019 then that movement would be to new SCP 25.

An example that shows the different outcomes at the lower end of the spine is set out below:

Current grade 31 March 2019	Assumed new grade 1 April 2019
SCP 10	SCP 3
SCP 11	SCP 3
SCP 12	SCP 4
SCP 13	SCP 4
SCP 14	SCP 5

Using 'Approach A' an employee on existing SCP 10 would be assimilated to new SCP 3 and then receive an increment taking them to new SCP 4. Using 'Approach B', the employee would have been moved to existing SCP 11 to show the incremental progression and then assimilated across on to SCP 3.

11. Some of our existing four point grades could become five or six point grades if we apply the assimilation table with no adaptation to our grading structure. What could we do about this?

One option would be to have some longer grades. We would advise 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.

You may wish to consider losing either one or two SCPs from the grade by removing either the top and / or bottom point in the grade. This would raise issues about future costs if you are removing the bottom point. If the top point has been used to assimilate existing employees, you could initially seek to 'red circle' those employees, but not allow further progression to that pay point. Such an approach could at some point raise equality issues, so this would require an equality impact assessment and regular monitoring over time.

12. We link particular spine points to other conditions of service e.g. the level of premia payments, what do we do about that?

The [recently updated Green Book](#) (see particularly pages 26-29) has highlighted the necessary changes to take effect next April. You will need to ensure that these changes (and any relating to other spine points) are reflected in your contractual documents locally.

Yours sincerely,

*Simon
Pannell*

Simon Pannell

*Rehana
Azam*

Rehana Azam

*Jim
Kennedy*

Jim Kennedy



Heather Wakefield

Joint Secretaries