

**REPORT TO THE EMPLOYMENT COMMITTEE MEETING OF
29th October 2018**

Meeting: Employment Committee
Date: 29th October 2018
Subject: New Pay Spine effective from 1st April 2019
Report of: Rebecca Jenner – HR Manager
Portfolio Holder: Councillor Hadkiss
Status: Recommendation to Council
Relevant Ward(s): None

1 Purpose Report

1.1 To agree the approach regarding the implementation of the new National Joint Committee (NJC) Pay Spine, effective from 1st April 2019.

2 Recommendations:

2.1 **To recommend that Council adopts Option A as detailed in paragraph 5.10 below and set out in Appendix A regarding the introduction of the new NJC Pay Spine effective from 1st April 2019.**

3 Summary of Reasons for the Recommendations

3.1 In July 2015 the Government made a commitment to increase the National Living Wage (NLW) to 60% of median earnings by 2020.

3.2 To address this, an agreement was reached on the 10th April 2018 between the National Employers and the NJC Trade Union Side on rates of pay applicable from 1 April 2018 and 1 April 2019. Harborough District Council adopts the NJC pay scales.

3.3 The NJC pay agreement for 2018-20 includes the introduction of a new pay spine from 1 April 2019. Please see Appendix B which sets out the new NJC pay spine and provides a side by side comparison with the Council's current pay spine to highlight the changes. The main points are:

1. A bottom rate of £9.00 per hour (£17,364)
2. 'Pairing off' old SCPs 6-17 incl. to create new SCPs 1-6 incl.
3. Equal steps of 2.0% between each new SCPs 1 to 22 incl.
4. New SCPs 10, 13, 16, 18 and 21 are generated to which no old SCPs will assimilate.

5. On new SCPs 23 and above (equivalent to old SCPs 29 and above), 2.0% increase on 2018 rate
- 3.4 In bullet point '4' above, the Council's pay spine from 2019 has been modelled to exclude the optional additional pay spines at this stage to help to future proof the Council's pay structure for a number of years and minimise costs to the Council. These can be adopted at anytime in the future as and when the NLW rates of pay increase beyond the lowest hourly rate and the lowest hourly rate becomes obsolete. This approach is supported by the trade unions.
4. Impact on Communities
- 4.1 There is no direct impact on communities.
5. Key Facts
- 5.1 The commitment from the Government in July 2015 was based on NLW being 60% of median earnings.
- 5.2 The median earnings have not risen as high as expected. At that time it was believed that the figure would be £10 per hour. However, the current projection for the National Living Wage in 2020 is £8.62 per hour.
- 5.3 The Council's current lowest pay point is spinal column point (SCP) 9 which is £8.68 per hour. This is point 1 of Grade 1 and is now an apprentice only grade.
- 5.4 In 2019, SCP1 will become the new lowest pay point which will be applied to apprentices. This will be £9.02 per hour Based on an assumption of a 2% pay award in 2020 this would become £9.20 (or £9.11 if 1% only).
- 5.6 The equivalent of the current bottom of Grade 2, the lowest officer grade, by 2020 would likely be £9.74 (based on 2% pay award or £9.65 if based on 1%). Current projections have the NLW not exceeding £9.00 per hour until 2022.
- 5.7 The Council's new pay spine as detailed in Appendix C gives the Council breathing room for a number of years between our lowest pay points and the NLW preventing the need for a large scale and costly pay and grading review.
- 5.8 The Council's new pay spine will reduce Grade1/Apprentice Grade, Grade 2 and Grade 3 to three SCP rather than the current 4 due to the merging of some existing points.
- 5.9 Recommended good practice is that the breadth of a grade should recognise the time period required for an officer to become fully competent in their role. Apprenticeships usually last for no longer than 18 months, so will not reach the top of the grade. Posts job evaluated at grade 2 and 3 are expected to become competent having completed essential training and development within six months.
- 5.10 The Council has to decide how to implement the new pay spine from 1 April 2019. There are two options: Option A - to award the annual increment where applicable and then assimilate onto the new pay spine with effect from 2019; or Option B - to assimilate onto the new pay spine and then award the annual increment where applicable with effect from 2019. It is recommended that the Council adopt Option A, as due to a number of officers already at the top of their current grade the cost

difference between the two options is minimal, Option A is £541.44 less to implement the changes

6 Legal Issues

6.1 The policy meets legislative requirements.

7 Resource Issues

7.1 The Council has modelled the impact of a new NJC pay spine from 1st April 2019 based on the current establishment as detailed in Appendix A. The modelling is before the application of pension rises

7.2 The Joint Chief Executives are on Joint Negotiating Committee (JNC) terms and conditions of employment and can therefore advise elected members as necessary on the changes affecting officers on NJC terms and conditions.

8 Equality Implications

8.1 There are no equality implications. No officer's pay will be reduced as a result of the implementation of the new pay spine.

9 Impact on the Organisation

9.1 No direct impact on the organisation.

10. Risk Management Implications

10.1 None

11 Consultation

11.1 The Council has consulted the Trade Union, Unison, with regard to the options for implementing the new pay spine and they are supportive of the revised pay spine and of both approaches of implementation. The preference is for Option A due to the cost saving. Unison will be consulted again with any subsequent amendments and will consult and inform their members following a decision from Council. An all staff communication including an explanation of the new pay spine will be sent to all officers on NJC terms and conditions at the Council.

Previous report(s): N/A

Information Issued Under Sensitive Issue Procedure: N/A

Ward Members Notified: N/A

Appendices:

- **Appendix A – Costs associated with implementing the new pay spine (Options A and B)**
- **Appendix B - NJC Pay scales for HDC as at 2018-19 and a side by side comparison with the new NJC 2019-20 pay scale detailing the nationally agreed changes**
- **Appendix C - The Councils new pay spine for 2019-20**