

For Publication

Implementation of The 2019 National Pay Award

Meeting: Employment and General Committee

Date: 1 April 2019

Report By: Sandy Gillham-Hardy, HR Business Partner

1.0 Purpose of Report

To provide information regarding the pay award for 2019 and to recommend approval of the implementation of the new pay arrangements.

2.0 Background

A two year pay award was agreed at national level in April 2018. The first stage of the pay award did not necessitate any modifications to the council's pay scale and the percentage increases were implemented for April 2018. The second stage of the pay award (effective from April 2019) is more complex as it involves a renumbering of the national pay spine and requires the aligning the new national pay spine to our locally determined pay grading structure with its associated job evaluation scores.

The pay grades are a key part of the Single Status local agreement so trade union agreement is required prior to the adoption of the new pay spine.

3.0 Proposed Procedure

A two year national pay award for 'green book' employees was agreed at national level in April 2018. For the majority of employees the pay award will lead to a 2% pay increase in April 2018 and a further 2% in April 2019. However, the pay award also included significant 'bottom-loading' (higher increases for a number of the lower pay points) to close a potential future gap with the National Living Wage.

The April 2018 pay increases were implemented and paid leading to the current local pay scale as detailed in Appendix 1. Points 6 to 10 are currently enhanced to £8.75 per hour to reflect the Voluntary Living Wage.

The implementation of the second stage of the national agreement is more complex because the national pay award from April 2019 will require a reconfiguration of the national pay spine and we have had to consider how to match the new national scale to our local single status pay grades along with the potential additional financial costs.

The Council's current grading structure comprises of 14 bands. When the grading structure was implemented the bands were kept to 4 spinal column points (scp) or less following national advice and best practice to avoid age discrimination claims. 10 bands comprise of 4 scp, 3 bands have 3 scp and 1 band has only 1 scp.

During implementation workshops the Council have been advised that it is inevitable that some bands will be single points, there is no requirement to use every scp in a new pay structure and bands can overlap.

New Pay Spine

The national pay award sets out a renumbered national pay spine effective from April 2019 as detailed in Appendix 2 and also details how the existing points should be assimilated. The new national spine merged the bottom 12 points (old scp 6 to

17) into 6 points (new scp 1 to 6) and also introduces 5 new incremental points ie new scp 10, 13, 16, 18 and 21. These have been introduced at national level to even out some of the historic percentage differences between scp from an equality perspective. The incremental steps are around 2% in value up to scp 22, after this the percentage increase is slightly less than 2%.

Effects on the CBC Pay Spine

The merger of the bottom 12 scp into 6 scp immediately reduces the points in bands 1 to 4. Bands 1 and 2 would comprise of one point, bands 3 and 4 would comprise of 2 points each; this is unavoidable unless the Council want to increase the width of the bands and there would therefore be an associated increase in costs in the medium term as employees could progress further in their band. Also the Council could consider the overlap of bands which was specifically removed during single status so would seem a retrograde step at this stage.

The 5 new additional increments would extend the current pay bands 5, 6 and 7 which previously were comprised of 4 points to 5, 7 and 5 points respectively. To avoid age discrimination claims, based on national guidance, bands should be no longer than the base scp plus 5 increments.

The Council created six new local scp, numbers 50 to 55 (bands 13 and 14) when single status was finalised. These local points have been increased by 2% in line with the national pay award.

Currently scp 15 is used as a fixed hourly rate to calculate unsocial hour payments and standby payments regardless of what scp the employee is paid. Likewise, scp 29 is used as a cap for over time to be paid and in exceptional circumstances when paid overtime has been agreed the hourly rate to calculate overtime payments for employees on scp 30 and above is

scp29. There does not seem to be any reason to change the scp used for these 2 payments as the scp still exist in the new pay spine.

A further complication, unknown in terms of its potential impact at this stage, is the Voluntary Living Wage (VLW) going forward which the Council have previously adopted. In the new pay spine the minimum hourly rate is £9.00 per hour which is exactly the same as the current VLW agreed in November 2018 which in previous years the Council have adopted and would normally pay from 1 April 2019. Therefore, there will not be a requirement to pay enhancements for the VLW from 1 April 2019. However when the VLW is reviewed again in Autumn 2019 it is likely to increase and may be more than the national pay spine scp1 so an enhancement may have to be paid again if the Council still opt to pay the VLW from 1 April 2020.

This is an opportunity for the Council to totally restructure the grading system, however this will have an immense impact on the Job Evaluation process and could potentially extend the current bands into a higher range and have a significant cost impact so this option has not been considered or costed.

The Council have been advised by the national negotiators that as a minimum from 1 April 2019 the new pay spine must be used for calculating salaries, however a full restructure does not have to be in place. The Council has been advised to assess the risks if a restructure is not in place for 1 April 2019.

When considering the application of the new national pay spine to the local pay spine the approach has been to stay as close as possible to the national agreement. The proposal for the new local pay spine is attached as Appendix 3.

Assimilation and Increment

There are two approaches on the chronology of assimilation and increments on 1 April 2019, the first is to assimilate first

then increment, the second option is to increment first then assimilate. The two potential approaches produce different outcomes at some pay points. Nationally there is no guidance on how to assimilate employees onto the new spine on 1 April 2019. They have confirmed that either of the approaches are acceptable and the chosen option should be used for the entire workforce.

Consultation with Unions

The trade unions have been consulted on the proposals and consultation has recently been carried out with union members. UNISON and UNITE have submitted the same request for a change which has been accepted. All of the unions aim to have local and national approval of the agreement by the end of March 2019 to enable timely implementation on 1 April 2019.

Equality Impact Assessment

A full Equality Impact Assessment (EIA) has been undertaken and is attached. The EIA aims to assess the future impact of the second stage of the nationally agreed pay award on groups of people by protected characteristic.

The Director of Finance has been involved in developing these proposals and has supported the approach.

4.0 Employer – Trade Union Committee

The proposal was submitted to the Employer trade union Committee on 25 March 2019 and was endorsed for submission to Employment and General Committee.

5.0 Recommendations

That the implementation of the 2019 pay award and local pay spine, from 1 April 2019 as attached at Appendix 3, be approved.

For further information on this report, contact Kate Harley.