

 Employment Committee 5th December 2018		Agenda Item No. 6
Title	2019/20 NJC Pay Award Implementation	
For further information about this report please contact	Elaine Priestley – Senior HR Officer Tracy Dolphin – HR Manager	
Wards of the District directly affected		
Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006?	Yes/No If yes state why	
Date and meeting when issue was last considered and relevant minute number	Member Trade Union Joint Panel 28/11/18	
Background Papers		

Contrary to the policy framework:	No
Contrary to the budgetary framework:	No
Key Decision?	No
Included within the Forward Plan? (If yes include reference number)	No
Equality Impact Assessment Undertaken	Yes (If No state why below)

Officer/Councillor Approval		
Officer Approval	Date	Name
Chief Executive/Deputy Chief Executive	11/11/18	Chris Elliott/Andrew Jones/Bill Hunt
Head of Service	11/11/18	As above
CMT	11/11/18	As above
Section 151 Officer	11/11/18	Mike Snow
Monitoring Officer	11/11/18	Andrew Jones
Finance	14/11/18	Mike Snow
Portfolio Holder(s)	14/11/18	Andrew Mobbs
Consultation & Community Engagement		
Consultation has taken place with UNISON who support the proposed implementation and welcomed the deletion of lowest Spinal Column Point		
Final Decision?		Yes/No
Suggested next steps (if not final decision please set out below)		

1. **Summary**

- 1.1 The purpose of this report is to request approval of the proposed implementation of the NJC 2019/20 Pay Award.

2. **Recommendation**

- 2.1 The Employment Committee approves the proposed implementation of the 2019/20 NJC Pay Award as detailed in Appendix 1 with effect from 1st April 2019. This implements the 2019/20 NJC Pay Award as agreed by the National Employers and Trade Unions with the exception of:

- a. The lowest spinal column point is not used and staff on grade J are incorporated in grade I.
- b. The five new spinal column points are not used.

- 2.2 The Employment Committee approves the necessary steps to amend terms and conditions to reflect the proposed changes.

3. **Reasons for the Recommendation**

- 3.1 All employees have the pay award increase implemented in accordance with the agreement reached by the National Employers and Trades Unions in the 2019/2020 NJC Agreement. The proposal put forward maintains the integrity of the Council's current grading structure, no staff are adversely affected and some benefit.
- 3.2 If the Council were to assimilate to the new spinal column point spine without making any changes this would result in Grade J becoming a single point grade, Grade F becoming a 6 point range and Grade E1 a 5 point range and a four point gap between G and F. This would give very unequal lengths of progression with those grades which are predominantly occupied by women taking 5 years to reach the maximum of the grade. This gives a very unbalanced grading structure and from an Equal Pay perspective this could trigger a risk to the Council.
- 3.3 In accordance with the advice received that grades may be amalgamated this opportunity has been taken to review the impact of raising the Council's minimum hourly rate by not using the lowest spinal column point and assimilating the 3 FTE roles in Grade I. This would obviate the single spinal column point grade and give a lowest pay rate of £9.18 as opposed to £9.00 thereby supporting the Council's ambition to be an above minimum wage employer. There are no reporting implications.
- 3.4 Not incorporating the five new spinal column points in to the Warwick District Council grading structure will maintain the integrity of the grading structure and not create disproportionality long grades. Advice received from West Midlands Employers confirms this is an approach being adopted by a number of authorities to maintain the integrity of their pay structure.
- 3.5 There are no changes to Warwick District Council grading structure to Grade E2 and above resulting from the revised pay spine.

- 3.6 The proposals put forward for implementation result in the following distribution of spinal column points per grade:

Grade	Number of Spinal Column Points
I	2 SCP
H	2 SCP
G	4 SCP
F	4 SCP
E1	4 SCP
E2	4 SCP
D	3 SCP
C	3 SCP
B	3 SCP
A	3 SCP

This profile accords with advice received in relation to grade length. That is:

Short – proficient in a relatively short period of time

Long – developing, takes longer to become fully proficient in more complex role

Short – senior professional already proficient in role

- 3.7 The proposal is within the 2019/20 salary budget projection.

- 3.8 The local UNISON branch has supported the proposal and welcomed the deletion of the lowest spinal column point. Whilst the proposal is in line with the National Pay Award, no members of staff are adversely impacted and some benefit, it is a change to the Council's grading structure and therefore agreement needs to be reached with the trade unions. It is anticipated that this will be achieved.

4.1 **Fit for the Future (FFF)**

The Council's FFF Strategy is designed to deliver the Vision for the District of making it a Great Place to Live, Work and Visit. The FFF Strategy has 3 strands – People, Services and Money and each has an external and internal element to it. The table below illustrates the impact of this proposal if any in relation to the Council's FFF Strategy.

FFF Strands		
People	Services	Money
External		
Health, Homes, Communities	Green, Clean, Safe	Infrastructure, Enterprise, Employment
<u>Intended outcomes:</u> Improved health for all Housing needs for all met Impressive cultural and sports activities Cohesive and active communities	<u>Intended outcomes:</u> Area has well looked after public spaces All communities have access to decent open space Improved air quality Low levels of crime and ASB	<u>Intended outcomes:</u> Dynamic and diverse local economy Vibrant town centres Improved performance/productivity of local economy Increased employment and income levels

Impacts of Proposal		
The right people in the right jobs support the Council in delivering its intended outcomes.	The right people in the right jobs support the Council in delivering its intended outcomes	The right people in the right jobs support the Council in delivering its intended outcomes. The increase in the lowest pay rate will support the Council in its ambition to be a good employer.
Internal		
Effective Staff	Maintain or Improve Services	Firm Financial Footing over the Longer Term
<u>Intended outcomes:</u> All staff are properly trained All staff have the appropriate tools All staff are engaged, empowered and supported The right people are in the right job with the right skills and right behaviours	<u>Intended outcomes:</u> Focusing on our customers' needs Continuously improve our processes Increase the digital provision of services	<u>Intended outcomes:</u> Better return/use of our assets Full Cost accounting Continued cost management Maximise income earning opportunities Seek best value for money
Impacts of Proposal		
To ensure we are competitive in being an 'Employer of choice' attracting, training and retaining talent to the District Council.	To ensure that the Council's grading structure complies with equalities legislation.	To maintain adherence to National Pay Bargaining mechanism.

4.2 Supporting Strategies

Each strand of the FFF Strategy has several supporting strategies and the relevant ones for this proposal are explained here.

People Strategy

- 4.3 The People Strategy outlines the future needs of our workforce to enable us to attract, recruit and retain the right people; provide the development they need to allow them to grow and progress; manage potential and plan for the future. The way in which we lead and support our people is a key element to the successful delivery of quality services.

Legal Implications

- 4.4 The Council has a legal obligation under the Equalities Act 2010 to ensure that its pay and grading structure is fair and not discriminatory. This includes both direct and indirect discrimination of on the basis of age and gender
- 4.5 The Council is required to implement the nationally agreed NJC (National Joint Council) pay award for those employees who are engaged on those terms and conditions, unless a variation is agreed.

4.6 Introducing a new pay and grading structure is a variation to employees Terms and Conditions. Any variation from these conditions would either necessitate reaching a collective agreement with the Trade Union or undertaking a dismissal and re-engagement process.

4.5 **Impact Assessments** – Consideration has been given to equality issues prior to putting forward the proposal.

5. **Budgetary Framework**

5.1 The implementation proposal has been costed and is within the 2019/20 salaries budget.

6. **Risks**

6.1 The proposal involves a slight deviation from the NJC Spinal Column point spine and care will be taken to ensure that adherence is maintained to National Pay Bargaining.

7. **Alternative Option(s) considered**

7.1 To implement the pay award as put forward by the NJC. This was discounted because:

- a. of the impact on the integrity of the Council's grading structure;
- b. the potential of becoming a minimum wage employer

7.2 To move away from National Pay Bargaining and retain current grading structure and apply locally agreed increases. This was discounted as the District Council supports the National Pay Bargaining mechanism.

8. **Background**

8.1 Warwick District Council's current pay and grading structure together with the mapping to the 2019/20 proposal is included as Appendix 2. NJC Circular giving details of the agreed two year Pay Award for 2018/19 and 2019/20 is attached as Appendix 3.

8.2 The National Employers and Trade Unions agreed a two year pay deal for staff on NJC Terms & Conditions for 2018/19 and 2019/20. This will affect approximately 460 staff across the Council, not including apprentices and those on JNC Terms and Conditions.

8.3 The pay award had two parts to the deal, a straightforward percentage increase for 2018/19 and more complex grade changes for 2019/20.

8.4 There were a number of elements that the pay award was trying to address nationally:-

- a. Responding to pressures of the National Living Wage (NLW).
- b. Need longer term sustainability.

8.5 **Year 1** The pay award from 1st April 2018 has been implemented as this was part of a straight forward percentage award for each SPC from 6 to 49. Warwick District Council has long had locally agreed pay points SCP 50 to 54 to which the national pay award is applied. There was significant 'bottom loading' to move the NJC pay scales away from being a minimum wage payer which it

has become since the introduction of the minimum wage and more recently the National Living Wage, resulting SCP's 1 to 5 being removed.

- 8.6 **Year 2** In order to deal with the compacting of differentials at the lower end of the spine it is proposed that the existing bottom twelve pay points are 'pared off' into six new pay points, i.e. current 6 & 7 become new SCP 1; current SCPs 8 & 9 become new SCP 2 etc until current SCPs 16 & 17 are reached and they become new SCP 6.
- 8.7 To further dilute the impact of compacting the lower pay points, the offer includes 'ironing out' the current random gaps between pay points and having even increments of 2% between new SCP1 and 22 (equivalent to SCPs to 28 on the current spine).
- 8.8 From new SCP23 onwards, a flat rate of 2% has been awarded and the current random differentials retained.
- 8.9 Individual councils negotiate local arrangements for how they map grades against national pay spine. Warwick District Council currently has 11 grades spanning 54 spinal column points. The last four points 50 to 54 are local points updated annually in line with the NJC Pay Award.
- 8.10 In anticipation of the overhaul and 'future proofing' of the local government pay spines a decision was reached to freeze the Living Wage Foundation supplement, with effect from 1st April 2018, applying the headline national pay award only. The 2019 pay award will overtake the current supplement. It not yet know what the new Living Wage Foundation (voluntary) rate will be as it is not set until November each year.
- 8.11 Warwick District Council currently adheres to National Pay Bargaining therefore the changes are incorporated in to employment contracts. Any changes should be subject to local negotiations with the Trades Unions.
- 8.12 Warwick District Council has an established grading structure and job evaluation system that, with minor tweaks, has been in place since 1988.
- 8.13 Advice received from West Midlands Employers has given the following guidelines.
- a. Merging spinal column points could result in the same point being the top of one grade and bottom of the next and this can be acceptable. However this has not impacted in Warwick District Council grading structure.
 - b. Single spinal column point grades can be acceptable if there is no capacity for growth but care should be taken to ensure no indirect discrimination takes place.
 - c. It is acceptable to have grades of different lengths. Breadth of the grade should recognise the time period required to become fully competent at the role common approach is
 - Short – proficient in a relatively short period of time
 - Long – developing, takes longer to become fully proficient in more complex role
 - Short – senior professional already proficient in role

d. Legally grades should be no longer than 6 scp's (5 years to get there). Arguably a longer grade is both in breach of age discrimination regulations and may be indirectly discriminatory as women are more likely to take time out and not achieve the maximum. This is particularly relevant if the longer grades were populated largely by women.

e. Grades may be amalgamated.

f. There is not a requirement to use all the points in the spine. Locally we have been advised that a number of employers have not 'included the new SCP's to maintain the integrity of their grading structure. However 'ignoring' the new spinal column points would have the effect off accelerating incremental progression.

8.14 Equality Impact Assessment there are no adverse on lower grades which are predominantly populated by women.

8.15 Appendix 4 maps the 2018/19 grades, the NJC 2019/20 Agreement, the WDC 2019/20 Proposal. The colour coding shows the points that have been combined, those shaded in grey are the new points that are not proposed to be used. Columns are:

Column	Description
A	FTE and gender profile in each grade
B	Casual Hours
C	2018/19 Spinal Column Points
D	2018/19 Salaries
E	NJC 2019/20 SCPs
F	NJC 2019/20 Salaries
G	WDC proposed 2019/20 SCP's
H	WDC proposed 2019/20 Salaries
I	The 2019/20 percentage increase of each spinal column point