

**SUBJECT:** Implementation of the New Pay Spine 2019  
**MEETING:** CABINET  
**DATE:** 9<sup>th</sup> January 2019  
**DIVISION/WARDS AFFECTED:**

**1. PURPOSE:**

To appraise Cabinet of the financial and non- financial implications of implementing the new NJC pay spine in April 2019 and seek Cabinet approval of the preferred option to be implemented in April 2019.

**2. RECOMMENDATIONS:**

Cabinet consider the impact of implementing the new pay spine in 2019

Cabinet consider the impact of direct assimilation to the new pay spine and also the proposed alternative options.

Cabinet approve the implementation of the preferred option, outlined below which maintains our existing 13 grade structure; the NJC advised maximum of 5 increments per pay band and validity of our job evaluation scheme.

**3. KEY ISSUES:**

The NJC Pay Deal of December 2017 provided for implementation in two phases, in April 2018 and April 2019. The 2018 phase involved only percentage increases to each of the 28 SCPs within the current NJC grading pay structure and was implemented by the Council with effect from 1 April 2018.

The second phase of the pay deal involves not only a percentage increase for all pay points it also introduces a new pay spine.

The new pay spine is based on:

- A bottom hourly rate of £9.00 meant to reduce the supplements we currently pay for the Living Wage.
- A reduction of the number of pay points from 49 to 43, (although MCC has an extended pay spine currently to SCP57)
- Roughly equal steps between pay points in relation to hourly rates
- As a result of the above, a merger of current pay points at the bottom end of the scale e.g. current points 6 and 7, 8 and 9, 10 and 11, 12 and 13, 14 and 15, and 16 and 17 up to the top of the current Band C.
- Again as a consequence of the equal steps, inclusion of 5 new pay points between the current points 20 and 21, 22 and 23, 24 and 25, 25 and 26, 27 and 28. In effect introducing a 'new' pay band overall.

Whilst the headline statement was a two year pay deal based on an uplift of 2% in 2018 and 19 the reality is somewhat different and is a consequence of the new pay spine. The Percentage increases from April 2018 to April 2019 range between the minimum of 2%

to a maximum of around 7 % for spinal column points 1 to 29. All SCP's above SCP 29 have an increase of 2%.

## **Issues to consider**

The issue of the new pay spine is not just deciding how to assimilate from current to new, e.g. increment first and then assimilate or assimilate and then increment, it asks questions of the how the new pay spine fits in with MCC's existing pay structure and what options are open to the council. Options to consider include:

- a. Direct assimilation to the new pay spine
- b. Moving away from NJC terms and conditions
- c. Preferred option for implementing the new pay spine

## **A : Direct Assimilation to New Pay Spine**

The introduction of the merged SCP's and new SCP's makes the current pay structure potentially untenable. It introduces a mix of short grades and extended grades if assimilated as it stands. Please see appendix 1 attached.

This would mean that Band A becomes, just 2 increments, Bands B and C becomes 3, Band D becomes 6, Band E and F have 7 increments. It is not uncommon to have a range of differing of SCPs in pay structures and is not necessarily discriminatory.

However, MCC's current pay structure is based on 5 increments for each of the Bands. This is based on best practice in relation to Equality, which is again emphasised in the current NJC papers where it is recommended that

*'We would therefore advise that good practice (particularly where incremental progression is largely automatic) would limit incremental progression to five years'*

So direct assimilation to the current pay structure would fall foul of this with 3 out of the 13 grades having 6 and 7 increments. This would affect Bands D, E and F, which currently has within it 51% of all employees on NJC pay, 75% of which are female.

## **Implications of Direct assimilation on Foundation living wage**

The council currently has a policy commitment to paying the foundation living wage, for which we pay a supplement and implementation of the new pay spine brings the living wage and foundation living wage in line at £9/hr. However if the foundation living wage increases beyond the living wage the council may want to reconsider it's current policy position

## **B :Move Away from National Joint Council Terms and Conditions**

If we choose to move away from NJC terms and conditions and negotiate locally then the potential consequences could be:

- Renege on the current two year deal which we've already implemented year 1
- The council would have to negotiate with the Trade Unions directly each year on pay awards, potential for unions to disengage
- Reputational risk given current policy commitment to paying a fair living wage
- Staff morale diminished
- Loss of public confidence / bad press
- Risk to services potential strike options

- Potential to revisit single status agreement and renegotiate all terms and conditions – a significant undertaking which could take a long time to reach agreement

## C : Preferred Option For Implementation of New Pay Spine

An alternative and preferred option to direct assimilation, which still complies with the new pay structure has been identified to reduce the incremental impact of having 3 grades with 6 and 7 increments. The proposed option retains 13 grades, and therefore maintains our current structure and job evaluation scheme and apart from bands A, B and C at the bottom of the scale retain the 5 incremental points identified as most equitable by the NJC. The preferred option is identified in the attached appendix.

A full EQIA has been produced on the proposed option and was included as part of the consultation process with unions and feedback is outlined in the appendix attached. Given that the grading structure proposed under the proposed option is not being changed ie we are retaining the existing 13 grade structure whilst changing the range of some bands an individual would be evaluated as currently and from an equality perspective we are complying with the jointly negotiated national agreement agreed by the unions.

## 4. REASONS:

The council is signed up to NJC terms and conditions of employment and therefore must implement the new pay spine in April 2019 or identify an alternative option. The preferred option for implementing the new pay spine maintains the current 13 band structure, complies with NJC guidance and maintains the validity of the council's current job evaluation scheme.

## 5. RESOURCE IMPLICATIONS:

The costs associated with direct assimilation to the new pay spine and the preferred option are outlined in appendix 2. In summary:

	Current Salary Costs	Direct Salary Costs	Assimilation	Preferred Structure Salary Costs	Option
			Diff		Diff
Mon Life	£3,444,030	£3,565,276	£121,246	£3,569,265	£125,235
MCC	£44,159,310	£45,743,449	£1,584,139	£45,820,682	£1,661,372
<b>TOTAL</b>	<b>£47,603,339</b>	<b>£49,308,725</b>	<b>£1,705,385</b>	<b>£49,389,947</b>	<b>£1,786,607</b>

+30% On Costs	£2,217,001	£2,322,589
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- 2% modelled	£1,380,000	£1,380,000
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Estimated Cost of New Pay Spine	<b>£837,001</b>	<b>£942,589</b>
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+ estimate casual hour	£83,969	£ 83,969
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	<b>Direct assimilation</b>	<b>Preferred Option</b>
<b>Total estimated cost</b>	<b>£920,970</b>	<b>£1,026,558</b>

Please note these costs are an estimate based on a point in time and will vary according to staff movements/increases and decreases in casual hours and does not include vacant posts or allowances

**6. WELLBEING OF FUTURE GENERATIONS IMPLICATIONS (INCORPORATING EQUALITIES, SUSTAINABILITY, SAFEGUARDING AND CORPORATE PARENTING):**

A full eqia on the preferred option is attached. There are no safeguarding or corporate parenting implications relative to the recommendations.

**7. CONSULTEES:**

SLT, Unions

Comments were received from Unison and our response to those comments are outlined in the attached appendix. The council's has at this point received no further comments from Unison, however further feedback received will be made available for members consideration

**8. AUTHOR:**

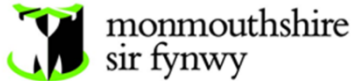
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**SCHEDULE 12A LOCAL GOVERNMENT ACT 1972  
EXEMPTION FROM DISCLOSURE OF DOCUMENTS**

**MEETING AND DATE OF MEETING:**

**TITLE OF REPORT:**

**AUTHOR:**

I have considered grounds for exemption of information contained in the report referred to above and make the following recommendation to the Proper Officer:-

**EXEMPTIONS APPLYING TO THE REPORT:**

**FACTORS IN FAVOUR OF DISCLOSURE:**

**PREJUDICE WHICH WOULD RESULT IF THE INFORMATION WERE DISCLOSED:**

**MY VIEW ON THE PUBLIC INTEREST TEST IS AS FOLLOWS:**

**RECOMMENDED DECISION ON EXEMPTION FROM DISCLOSURE:**

Date:

Signed:

Post:

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I accept/do not accept the recommendation made above

Proper Officer: \_\_\_\_\_

Date: \_\_\_\_\_