

TITLE	Changes to National Joint Conditions Pay Spinal Points
FOR CONSIDERATION BY	Personnel Board on 12 December 2018
WARD	None Specific
DIRECTOR	Director of Corporate Services - Graham Ebers

OUTCOME / BENEFITS TO THE COMMUNITY

None Specific

RECOMMENDATION

Personnel Board are asked to

- 1) Support the proposal to Increment then Assimilate;
- 2) Support incorporating SCP 18 into Grade 6.

SUMMARY OF REPORT

The Local Government or National Joint Council (NJC) pay scale will be changing from April 2019 onwards. This will involve new Spinal Column Points (SCPs) with employees moving across from their current SCP to a new SCP which will be numbered differently. The changes are mandatory and form part of a collective NJC agreement at national level between the Local Government Association and representatives from the Unison, GMB and Unite unions. There are some decisions that Council's need to make at a local level which will also need discussion at a local level. These are:

- 1) Assimilate or increment first
- 2) What to do with new SCP 18

This paper explores the options and associated costs

Background

The NJC agreement quotes that the new pay spine is based on the following:

- A bottom rate of £9.00 per hour (full time annual salary of £17,364) on new Spinal Column Point (SCP)1 (equivalent to old SCPs 6 & 7)
- 'Pairing off' old SCPs 6-17 inclusive to create new SCPs 1-6 inclusive.
- Equal steps of 2.0% between each new SCPs 1 to 22 incl. (equivalent to old SCPs 6-28 inclusive.)
- 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.

Most changes will be straightforward, with it mostly being obvious which new SCP an employee will move to. In some cases there are alternative approaches as to how we do things and these are listed in this paper along with the different options.

When looking at the options available consideration was given to the need to avoid introducing extra cost to the Council wage bill or additional cost to schools with our responsibility to be fair and equitable.

A working party consisting of HR, Finance and Payroll have worked together to develop the options appraisal and recommendations which are supported by the Corporate Leadership team and have been discussed with Unions (Unison and GMB). To date Unison have not responded and a verbal update will be provided at Personnel Board. GMB, who have the majority of their membership within schools have provided feedback that is detailed below.

Analysis of Issues

The information from the NJC shows which new SCPs our current SCPs move to. For example, SCPs 1 to 5 are not currently used. Our current SCPs 6 and 7 will become new SCP 1. This follows through so that, for example, our current SCP 19 becomes new SCP 8. This is shown in Attachment 1 – Payscale Mapping.

Local Authorities are responsible for setting their own grading structure using the NJC paycales and it is not proposed at this time to change this and have mapped the grades across as they currently are. For example, our current Grade 7 consists of SCPs 31 to 35. SCPs 31 to 35 map across to new SCPs 25 to 29. Therefore Grade 7 will consist of SCPs 25 to 29 from 01 April 2019.

Some additional SCPs have been added to the new payscale. These are highlighted in green on the Payscale Mapping spreadsheet. These will be incorporated into the existing grades.

As well as affecting direct Council employees, the Local Government pay scale is also used by schools' employees who are not on teachers' pay and terms and conditions. Therefore the calculations carried out to assess the impact of the changes at Wokingham Borough Council (WBC) have been split to show figures for Council employees (excluding schools) and schools employees who are on the NJC payscale.

Any figures quoted below, whether in relation to individual examples or overall cost to the council, are gross salary figures. They exclude on costs at 28% to cover pension and NI costs.

The options that need to be considered are:

Assimilate or increment first?

We need to make a decision whether to assimilate from the existing SCP to the new SCP and then give an increment, or whether to give an increment before assimilating. In the majority of cases this will not make any difference. For example, for someone currently on SCP 18 with a full time salary of £18,870 the alternatives would be:

- Option A - Assimilate then increment: Assimilate from SCP 18 to new SCP 7. Then increment from new SCP 7 to new SCP 8
- Option B - Increment then assimilate: Increment from SCP 18 to SCP 19. Then assimilate from SCP 19 to new SCP 8

However, there are five SCPs that have been introduced that do not have an existing equivalent. These are highlighted in green on the Payscale Mapping spreadsheet and are listed below:

- new SCP 10 (Grade 4)
- new SCP 13 (Grade 5)
- new SCP 16 (Also Grade 5)
- new SCP 18 (Grade TBC as outlined below)
- new SCP 21 (Grade 6)

Where the new SCP has been introduced, the decision whether to assimilate then increment does make a difference. For example, for someone on our current SCP 24 with a full time salary of £22,401 the alternatives would be:

- Option A - Assimilate then increment: Assimilate from SCP 24 to new SCP 15. Then increment from new SCP 15 to new SCP 16 (£23,369)
- Option B - Increment then assimilate: Increment from SCP 24 to SCP 25. Then assimilate from SCP 25 to new SCP 17 (£23,836)

Option A, to assimilate then increment, will be the cheaper option for the Council (Council employees excluding schools) but will mean that those colleagues on SCP 24 who would have expected an increase from £22,401 to £23,836 (to new SCP 17 the equivalent of our current SCP 25), a difference of £1,435, will instead receive an increase to £23,369, a difference of £968. This scenario will be repeated with the other newly introduced SCPs. In total, this will affect 73.51 Full time Equivalent employees (FTEs), approximately 130 individuals, many of whom are likely to feel disgruntled if their anticipated pay increase, based on a two year deal having been agreed for 2018/19 and 2019/20, is not delivered.

For schools, option A would be the more expensive option, costing £17,180 more than option B. In this scenario (assimilate then increment) some larger groups of staff would see higher pay jumps than maybe expected – for example, there are over 90FTE staff on SCP 14 - £17,681, who would have expected an incremental award increase to SCP 15 on the old scale, but both scale points 14 and 15 now assimilate to the new SCP 5,

so by assimilating first and then adding the increment, these people will now move onto the new SCP 6 - £19,171 (equivalent to the old SCP 16 and 17). They are in effect jumping 2 incremental points higher. GMB's preference is Option A as their membership is primarily the lower paid schools workforce for whom Option A is beneficial.

If we choose Option B (increment then assimilate) the cost to the Council (Council employees excluding schools) will be the same as if the new spines had not been introduced. Although Option A would save the Council money, it is likely to cause discontent amongst employees and feels unfair that the 'goalposts' have been moved. Option B would cost the council £32,647 more than Option A, as shown in row 104 of the Assimilate or Increment First tab of the attached spreadsheet. Although this is a significant sum, it represents 0.11 per cent of our total payroll cost for all employees from Grade 1 to SM4 so is a comparatively minor increase on the overall pay bill. It is also the figure that has been anticipated and budgeted for prior to the new SCPs being introduced.

For schools, option B, is the more cost effective option. All employees would receive their expected increment and then assimilate across onto the new pay scale. No-one would receive less than they were expecting, but neither would individuals receive significant pay increases that are disproportionate. Financially this is also the best option for schools. Therefore the data for schools also supports that Option B is implemented. If we do implement Option B rather than Option A, the cost to the Council of £32,647 would be balanced by a saving in schools of £17,180, making an overall cost of £15,467, equivalent to 0.02% or 1/5,000th of the combined Council and schools payroll cost.

The table below details the numbers of employees who will benefit or not from both options:

	Number of FTE's for whom Option A is better	Number of FTE's for whom Option B is better	Number of FTE's where Option A or B does not differ (neutral)
Council	4	73.51	806.22
Schools	123.65	55.81	771.54
Total	127.65	129.32	1577.76

It is therefore proposed that Personnel Board approve the recommendation to Increment and then Assimilate into the new pay scale (Option B).

What to do with new SCP 18

Additional SCPs have been added to the new pay scale as explained above. These are highlighted in green on Attachment 1 and will be incorporated into our existing grades.

There is one new SCP, SCP 18, which does not fall neatly into our existing grades. We need to confirm where this sits as it is in between Grades 5 and 6. Our current SCP 25

is the top of Grade 5, and this maps across to new SCP 17. Our current SCP 26 is the bottom of Grade 6 and this maps across to new SCP 19.

The three options with SCP 18 are:

- Do not use it, we could have our SCPs moving from SCP 17 to 19, with WBC not using SCP 18
- Incorporate it into Grade 5
- Incorporate it into Grade 6

These options are summarised below:

Option A - Do not use SCP 18

The NJC notes that there is not a requirement to use all of the SCPs and will not be in the future. Their guidance adds “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.”

Both Grade 5 and Grade 6 will have six SCPs from April 2019 onwards. If we add SCP 18 to either of them this will mean that grade will have seven SCPs. However, WBC already has a precedent with more than six SCPs as all our Senior Management (SM) grades have at least seven SCPs. If we were to accept the recommendation to limit each grade to six SCPs as a point of principle we should also amend our SM grades although this would be impractical. Another point to consider if we did not use SCP 18 is that it may well cause longer term confusion with employees thinking that it had been left out by mistake.

There will not be any additional cost to the Council or schools if we do not use SCP 18.

Option B - Incorporate SCP 18 into Grade 5

If we add SCP 18 to Grade 5, this would increase the top of the grade from a full time salary of £23,836 to £24,313, an increase of £477. This would mean that those people currently at the top of Grade 5 would have an unexpected pay increase although this would mean additional cost for the Council and schools. We currently have 85.58 full time equivalent (FTE) Council employees at the top of Grade 5 and 76.45 FTEs in schools. If we choose to ‘assimilate then increment’ this would mean an additional cost of £40,821.66 (£477 x 85.58) for 2019-20 (an additional cost for schools of £36,466.65). If we decided to ‘increment then assimilate’, this cost would be borne in 2020-21. Either way there would also be additional cost in future years as the other employees at lower SCPs in Grade 5 (currently 59.6 FTEs in Council and 50.23FTE in schools) reach the top of the grade.

Option C - incorporate SCP 18 into Grade 6

If we incorporate SCP 18 into Grade 6, this would mean that any new starters at Grade 6 for 2019/20 would start at a full time salary of £24,313 (new SCP 18) rather than £24,799 (new SCP 19). They would require an additional year to reach the top of the grade. If we do incorporate SCP 18 into Grade 6 this would not affect any existing employees who will already be on a minimum of new SCP 19.

It is therefore proposed that Personnel Board approve the recommendation to incorporate SCP 18 into Grade 6 (Option C). Option B would introduce a cost to the

Council in 2019/20 of over £40,000 (over £36,000 for schools) that has not been budgeted for. There will also be an additional cost in future years which does not tie in with the Council's and schools' need to cut costs. This leaves either Option A or C. Not using SCP 18 at all (Option A) is likely to produce confusion in future as to why we do not have a SCP 18. Option C will maintain the continuity of the SCPs and will also save the Council and schools money in future years without impacting on any current employees.

FINANCIAL IMPLICATIONS OF THE RECOMMENDATION

The Council faces severe financial challenges over the coming years as a result of the austerity measures implemented by the Government and subsequent reductions to public sector funding. It is estimated that Wokingham Borough Council will be required to make budget reductions in excess of £20m over the next three years and all Executive decisions should be made in this context.

	How much will it Cost/ (Save)	Is there sufficient funding – if not quantify the Shortfall	Revenue or Capital?
Current Financial Year (Year 1)	Nil	n/a	n/a
Next Financial Year (Year 2)	Nil	n/a	n/a
Following Financial Year (Year 3)	Nil	n/a	N/a

Other financial information relevant to the Recommendation/Decision

Cross-Council Implications

The decision impacts schools as described above

Reasons for considering the report in Part 2

List of Background Papers

Attachment 1 – Pay Scale mapping

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