|  |  |
| --- | --- |
| **REPORT TO** | **ON** |
| **CABINET** | 13February 2019 |
|  | |
| **TITLE** | **PORTFOLIO** | **REPORT OF** |
| Pay Line Implementation 2019 | Leader of the Council | Deputy Chief Executive of Resources and Transformation (Section 151 Officer) |

|  |  |
| --- | --- |
|  | |
| Is this report a **KEY DECISION** (i.e. more than £100,000 or impacting on more than 2 Borough wards?)  Is this report on the **Statutory Cabinet Forward Plan**?  Is the request outside the policy and budgetary framework and therefore subject to confirmation at full Council?  Is this report confidential? | **No**  **No**  **No**  **No** |

1. **PURPOSE OF THE REPORT** 
   1. To apply the National Pay Award for 2019 and to implement the new pay line ahead of applying annual incremental rises.
2. **PORTFOLIO RECOMMENDATIONS**
   1. To apply the pay line agreed by the National Joint Council.
   2. To agree to implement the new pay line ahead of applying annual incremental rises.
3. **REASONS FOR THE DECISION**

3.1 The pay line is a National Joint Council (NJC) collective agreement and is incorporated within the employees’ contract of employment and therefore employees have a contractual right for it to be implemented and to be assimilated onto the relevant spinal column point on the new pay line. Employees that have not reached the top of their pay grade have a contractual right to one incremental rise annually. To implement the new pay line ahead of applying the incremental rises is favourable to lower paid employees.

1. **CORPORATE PRIORITIES**

4.1 The report relates to the following corporate priorities:

|  |  |
| --- | --- |
| Excellence and Financial Sustainability | x |
| Health and Wellbeing |  |
| Place |  |

Projects relating to People in the Corporate Plan:

|  |  |
| --- | --- |
| People | x |

1. **BACKGROUND TO THE REPORT**
   1. Employees are contractually entitled to any agreed pay rises on an annual basis. The pay award has been applied across two years with the pay award for 2018 being relatively straight forward with a 2% increase and some bottom loading to increase the lower grades by a greater percentage, with the overall increase to the national pay-bill of 2.707%.

5.2 The pay award for 2019 involves a realignment of the whole pay structure in order to:

* Accommodate the Government’s National Living Wage (NLW) announced in the 2015 budget with the target being 60% of median earnings by 2020. The hourly rate announced for April 2019 is £8.21.
* Provide some headroom for any future increases to the NLW.
* Even out the increases between spinal column points (SCP’S).

1. **PROPOSALS (e.g. RATIONALE, DETAIL, FINANCIAL, PROCUREMENT)**
   1. The new pay spine has been developed with the agreed national SCP’s up to SCP 49 corresponding to the original SCP’s. Any locally agreed SCP’s will need to be increased by 2% in line with the national agreement and follow on from the national SCP’s
   2. Similarly to 2018 the pay rise for 2019 is a 2% increase with further bottom loading in order to accommodate the NLW by 2020.
   3. Whilst the new pay spine accords with the original NJC grading structure with the new SCP’s corresponding to the original SCP’s, there have been 5 additional SCP’s created which sit between the original SCP’s in order to even out the gaps between SCP’s, these can be identified, highlighted grey, in the pay spine attached at appendix 1.

6.4 As this is an NJC collective agreement it is incorporated within the employees’ contract of employment and therefore employees have a contractual right for it to be implemented and to be assimilated onto the relevant SCP on the new pay spine.

6.5 At present South Ribble Borough Council (SRBC) pay the Foundation Living wage but are not an accredited Living wage employer therefore there is no commitment to pay it. This is subject to SRBC’S annual agreement as part of the Pay Policy. The current Foundation Living wage stands at £9 per hour. Appendix 1 identifies that the lowest SCP on the new pay line equates to £9 per hour.

6.6 The pay award and assimilation will occur on 1 April 2019. In line with National Conditions of Employment some staff would be due an annual incremental rise.

1. **CONSULTATION CARRIED OUT AND OUTCOME OF CONSULTATION**
   1. Discussions have already taken place with the staff at the Staff Consultative Committee and through the Leadership Roadshow events, plus Unison have formally been consulted. We are currently awaiting their views and their response will be reported into Cabinet as soon as they are available.
2. **ALTERNATIVE OPTIONS CONSIDERED AND REJECTED**
   1. Applying incremental rises on the current pay scales and then implement the new pay line. This was rejected as less favourable to lower paid employees.
3. **Financial implications**
   1. The impact of the spinal point changes have been baselined into the Medium Term Financial Strategy forecasts for 2019/20 onwards.
4. **LEGAL IMPLICATIONS**
   1. There is a legal requirement within an employee’s contract of employment to apply any agreed pay increases.
5. **Human Resources and Organisational Development implications**
   1. To not apply the pay line would be a breach of the employees’ contract of employment.
6. **ICT/technology implications**
   1. None.
7. **Property and Asset Management implications**
   1. None.
8. **RISK MANAGEMENT**
   1. None.
9. **EQUALITY AND DIVERSITY IMPACT**
   1. The pay line will be applied equally across the Council.
10. **RELEVANT DIRECTORS RECOMMENDATIONS** 
    1. To apply the pay line agreed by the National Joint Council.
    2. To agree to implement the new pay line ahead of applying annual incremental rises.
11. **COMMENTS OF THE STATUTORY FINANCE OFFICER**
    1. The financial impacts of the changes have been included in to the MTFS forecasts for 2019/20 onwards including the annual uplifts in pay to reflect movement of spinal points within grades.
    2. The approval of this report brings the lowest paid employees of the Council to a level above National Minimum Wage and in line with the living wage foundation.
    3. To be accredited to the Living Wage Foundation would require external service contracts to be aligned to this SRBC pay policy. This would result in significant contract price rises. Overall pay policy will be considered at the next contract renewal.
12. **COMMENTS OF THE MONITORING OFFICER**
    1. There are no issues of concern here. The Council by making this decision will be complying with its contractual duties owed to its employees.
13. **BACKGROUND DOCUMENTS (or There are no background papers to this report)**
    1. There are no background papers to this report.

**21. APPENDICES (or There are no appendices to this report)**

21.1 Appendix 1

|  |  |  |
| --- | --- | --- |
| Report Author: | Telephone: | Date: |
| Ann Hale | 01772 625454 | 2nd January 2019 |

Appendix 1

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| SCP | 1 April 2018 | | 1 April 2019 | | | Old SCP’s | SRBC Grade | |
| £ per annum | £ per hour\* | New SCP | £ per annum | £ per hour\* |
| 6 | 16,394 | 8.5 | 1 | 17,364 | 9 | 6/7 | Grade 1 (scp1) |  |
| 7 | 16,495 | 8.55 |  |
| 8 | 16,626 | 8.62 | 2 | 17,711 | 9.18 | 8/9 |  |  |
| 9 | 16,755 | 8.68 | Grade 2 (scp1-6) |  |
| 10 | 16,863 | 8.74 | 3 | 18,065 | 9.36 | 10/11 |  |
| 11 | 17,007 | 8.82 |  |
| 12 | 17,173 | 8.90 | 4 | 18,426 | 9.55 | 12/13 |  |
| 13 | 17,391 | 9.01 |  |
| 14 | 17,681 | 9.16 | 5 | 18,795 | 9.74 | 14/15 |  |
| 15 | 17,972 | 9.32 |  |
| 16 | 18,319 | 9.50 | 6 | 19,171 | 9.94 | 16/17 | Grade 3 (scp6-9) |
| 17 | 18,672 | 9.68 |  |
| 18 | 18,870 | 9.78 | 7 | 19,554 | 10.14 | 18 |  |
| 19 | 19,446 | 10.08 | 8 | 19,945 | 10.34 | 19 |  |
| 20 | 19,819 | 10.27 | 9 | 20,344 | 10.54 | 20 | Grade 4 (scp9-15) |
|  |  |  | 10 | 20,751 | 10.76 |  |  |
| 21 | 20,541 | 10.65 | 11 | 21,166 | 10.97 | 21 |  |
| 22 | 21,074 | 10.92 | 12 | 21,589 | 11.19 | 22 |  |
|  |  |  | 13 | 22,021 | 11.41 |  |  |
| 23 | 21,693 | 11.24 | 14 | 22,462 | 11.64 | 23 |  |
| 24 | 22,401 | 11.61 | 15 | 22,911 | 11.88 | 24 | Grade 5 (scp15-22) |
|  |  |  | 16 | 23,369 | 12.11 |  |  |
| 25 | 23,111 | 11.98 | 17 | 23,836 | 12.35 | 25 |  |
|  |  |  | 18 | 24,313 | 12.60 |  |  |
| 26 | 23,866 | 12.37 | 19 | 24,799 | 12.85 | 26 |  |
| 27 | 24,657 | 12.78 | 20 | 25,295 | 13.11 | 27 |  |
|  |  |  | 21 | 25,801 | 13.37 |  |  |
| 28 | 25,463 | 13.20 | 22 | 26,317 | 13.64 | 28 | Grade 6 (scp22-26) |
| 29 | 26,470 | 13.72 | 23 | 26,999 | 13.99 | 29 |  |
| 30 | 27,358 | 14.18 | 24 | 27,905 | 14.46 | 30 |  |
| 31 | 28,221 | 14.63 | 25 | 28,785 | 14.92 | 31 |  |
| 32 | 29,055 | 15.06 | 26 | 29,636 | 15.36 | 32 | Grade 7 (scp26-30) |
| 33 | 29,909 | 15.50 | 27 | 30,507 | 15.81 | 33 |  |
| 34 | 30,756 | 15.94 | 28 | 31,371 | 16.26 | 34 |  |
| 35 | 31,401 | 16.28 | 29 | 32,029 | 16.60 | 35 |  |
| 36 | 32,233 | 16.71 | 30 | 32,878 | 17.04 | 36 | Grade 8 (scp30-35) |
| 37 | 33,136 | 17.18 | 31 | 33,799 | 17.52 | 37 |  |
| 38 | 34,106 | 17.68 | 32 | 34,788 | 18.03 | 38 |  |
| 39 | 35,229 | 18.26 | 33 | 35,934 | 18.63 | 39 |  |
| 40 | 36,153 | 18.74 | 34 | 36,876 | 19.11 | 40 |  |
| 41 | 37,107 | 19.23 | 35 | 37,849 | 19.62 | 41 | Grade 9 (scp35-39) |
| 42 | 38,052 | 19.72 | 36 | 38,813 | 20.12 | 42 |  |
| 43 | 39,002 | 20.22 | 37 | 39,782 | 20.62 | 43 |  |
| 44 | 39,961 | 20.71 | 38 | 40,760 | 21.13 | 44 |  |
| 45 | 40,858 | 21.18 | 39 | 41,675 | 21.60 | 45 |  |
| 46 | 41,846 | 21.69 | 40 | 42,683 | 22.12 | 46 |  |  |
| 47 | 42,806 | 22.19 | 41 | 43,662 | 22.63 | 47 |  |  |
| 48 | 43,757 | 22.68 | 42 | 44,632 | 23.13 | 48 |  |  |
| 49 | 44,697 | 23.17 | 43 | 45,591 | 23.63 | 49 |  |  |

\*hourly rate calculated by dividing annual salary by 52.143 weeks (which is 365 days divided by 7) and then divided by 37 hours (the standard working week in the National Agreement ‘green Book’)