

# WILTSHIRE COUNCIL STAFFING POLICY COMMITTEE

10 May 2018

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## Agreement of annual pay award (NJC) 2018/19

### Purpose of the report

The purpose of this report is to provide staffing policy committee with information about the annual pay award 2018/19 which has recently been agreed by the national joint council (NJC).

### Background

1. The majority of roles at the council (paid on grades A to O) have [pay rates](#) based on the national pay spine which is determined by the NJC for local government services which comprises of the national employers and the recognised trade unions – UNISON, GMB and UNITE.
2. Different [pay scales](#) apply to senior management staff on HAY grades (around 121 staff) with pay rates that are determined locally and are linked to market pay using the HAY pay databank for the public and not for profit sector.
3. A small number of specialist employees are covered by different terms and conditions, including [Youth and Community Workers](#), Teachers and [Soulbury](#) (90 in total) and therefore have salary scales which are negotiated separately by their national negotiating bodies.
4. The NJC pay award is negotiated and applied to the national pay spine on an annual basis. Following a three year pay freeze from 2010 to 2012 the majority of staff have been subject to a 1% pay increase each year from 2013 until the most recent two year pay deal agreed in 2016. In order to meet national living wage requirements these pay deals have had bottom loaded pay increases, meaning those on the lowest spinal points have received a higher percentage annual increase than those further up the pay spine.
5. The recent changes to the national pay spine have meant that points 1 to 5 of the pay spine have been removed so that all of the lowest paid workers have been placed onto point 6. This has resulted in the erosion of the pay differentials between staff and supervisors on the lower grades, particularly in schools.
6. Individual councils negotiate local arrangements for how they map grades against the national pay spine. Wiltshire Council currently has 15 grades, each grade spanning between 3 and 4 points of the national pay scale, except for the lowest grade which now has just one salary point. The council's pay grades were implemented and agreed with the unions as part of the pay reform agreement in 2007.
7. Each council also has the discretion for how employees progress through the grades and in Wiltshire Council incremental progression is based on time served in the grade. However, pay progression was frozen for two years as a result of changes to terms and conditions negotiated with the trade unions in 2016. Incremental progression recommenced in April 2018.

8. The implications of the recent national pay awards means our lowest pay grade (Grade A) now only has a single pay point and there is only a 5 pence per hour differential between those who are employed on Grade A and those at the bottom of Grade B. This currently has a low impact due to the very small numbers of staff on these grades but will have significant impact if this were to continue further up the pay scale, especially within schools.
9. The government has planned for the national living wage rate to continue to increase, with an expectation that it will reach at least £9 per hour by 2020 (potentially £10 per hour under a labour government). Currently the lowest point of the pay scale is £8.50 per hour. Based on the current pay spine this would require a 12.5% increase for those on the bottom spinal point of the scale.
10. As part of the two year national pay deal covering 2016/17 the national employers recognised the impact of the planned increases in the national living wage and promised to undertake a technical review of the NJC pay scale in time for the negotiations for the 2018/19 pay award.

### **Main considerations**

11. Following a period of negotiation in 2017 the unions balloted their membership in February / March 2018 about the implementation of the national employers pay offer which was a 2% increase on the majority of spinal points with higher increases at the lower end of the scale. The offer also contained details of the agreed new spinal column to be implemented in April 2019.
12. Whilst members of GMB voted to accept this offer it was rejected by members of UNISON and Unite. However, as it was only narrowly rejected by UNISON members, further consultation took place within the UNISON branches and a meeting will take place in early April between all the unions to agree a way forward.
13. At that meeting UNISON and GMB both voted to accept the national employers' pay offer while Unite voted to reject. However, in line with the constitution of the NJC, Unite accepted the collective majority decision of the other unions that the pay award should now be implemented.
14. The pay award (appendix 1) will result in a pay increase of at least 2% for staff on grades A - O (including apprentice rates of pay), with grades at the bottom of our pay scale receiving an increase of up to 10%. This means that our lowest spinal point will be £8.50 per hour, higher than the new national living wage of £7.83 which was implemented on 1 April 2018.
15. The pay for April 2019 sees the lower end of the pay scale increase to at least £9.00 per hour in line with the government's desire to see the living wage increase to £9 per hour by 2020. There may have to be changes to the way we group spinal points in our grades as a result of these changes to the pay spine and work will be carried out this year to review how the new 2019 pay scale is implemented.

### **Financial implications**

16. It is important to understand that there is no "cost neutral" option of implementing a new pay scale in 2019, as even if we decided not to continue to be part of national pay bargaining we would still need to implement a new pay spine which met living wage requirements going forward.
17. On 1 April 2018 the freeze on incremental progression was lifted and because there are a higher than usual number of employees with headroom to progress through the grade (due to the increment freeze), salary costs are set to increase faster than usual for the following two years. The impact of this and the impact of applying the new pay spine for 2019 to current staff employed (as at 1 July 2017) suggests that salary costs may increase by between 5 - 6% for

council staff and 6 – 7% for school support staff over the next 2 years (2018/19 & 2019/2020) if there are no changes to our grading structure.

18. The exact increase in costs can only be determined once there is agreement on how the pay spinal points will be grouped in grades from April 2019. Any changes to the grading structures will involve negotiation with the unions who will take a view on the impact on grades and pay and on the application of all the spinal points in the new table.
19. The council may also wish to take this opportunity to review and adjust the pay grading structure (implemented in 2007), but it would be difficult to achieve this without incurring even more additional costs.

### **Recommendation**

20. It is recommended that staffing policy committee note the contents of this report and receive a further report later in 2018 outlining the options for consideration with the implementation of a new pay spine in April 2019.

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