

**Personnel Committee Date – 04 march 2019**

**2019/20 PAYSCALES & ALLOWANCES - 2<sup>nd</sup> Year of Pay Deal**

**Service: All**

**Wards: All**

**1. Summary of report**

- 1.1 Personnel Committee agreed at its meeting on 27 September 2018 to implement a straight forward assimilation to the new pay spine for the 2<sup>nd</sup> year of the 2 year National Employers for Local Government Services pay deal with effect from 1 April 2019 (**Appendix 1**).
- 1.2 Whilst the above report covered those employees specifically on NJC pay scales and NJC terms and conditions, it omitted to specify those corporate employees on other terms and conditions (such as APT&C) who are not on NJC pay scales, but who are matched to equivalent scales and who historically also receive the NJC pay awards.
- 1.3 This report seeks to address that omission.

**2. Recommendations**

**Members are asked to;**

- 2.1 Agree that corporate APT&C employees and any other relevant corporate employee's not on NJC terms and conditions but on pay scales equivalent to NJC scales (previously in receipt of the national pay award) be included (as NJC employees are) in the implementation of the 2<sup>nd</sup> year of the 2 year deal.
- 2.2 Agree the application of any future NJC national pay awards be automatically applied to relevant corporate employees on equivalent NJC scales (as identified above in 2.1) as in previous years, subject to local adjustment to take into account the 1% reduction following the councils terms and conditions review (2017).
- 2.3 Agree that any references to existing scp values in existing policies, procedures, terms and conditions and other associated documents are substituted for the relevant corresponding scp on the new pay spine.

**3. Report Detail**

- 3.1 Personnel Committee agreed at its meeting on 27 September 2018 to implement a straight forward assimilation to the new pay spine for the 2<sup>nd</sup> year of the 2 year National Employers for Local Government Services pay deal with effect from 1 April 2019 (**Appendix 1**).

- 3.2 Personnel Committee agreed that employees would be assimilated onto the new pay spine first and then any increments due would subsequently be applied.
- 3.3 Personnel Committee delegated authority to the Executive Director of Resources and Transformation, in consultation with the Portfolio Holder for Personnel and Business Support, to conclude consultation with the unions with any proposed changes to 3.1 or 3.2 above being brought back to Personnel Committee for approval before implementation. The union consultation is currently underway.
- 3.4 During the union consultation it was highlighted that the collective agreement also needs to specifically cover corporate employees on APT&C terms and conditions (as well as those on NJC) who are paid equivalent to the NJC pay scales and to whom the pay deals are usually applied. The corporate APT&C employees were omitted from the 27 September 2018 Personnel Committee report as it related to those on NJC terms and conditions, however the application of the 2<sup>nd</sup> year of the 2 year deal also needs to apply to APT&C as well as any other employees referred to in 2.1 above such as those on Manual Works contracts.
- 3.5 At the time of writing there are currently 12 corporate employees on APT&C, 2 of which are management trainees on fixed term contracts.

#### **4. Financial implications**

- 4.1 There are no financial implications as a direct result of the assimilation onto the new pay scales.

#### **5. Legal considerations**

- 5.1 The Council's proposals for the increase in staff pay for 2019/2020 are in line with the nationally agreed increase in the pay awards for which will be implemented using the Council's existing localised pays scales. On this basis there are no adverse legal implications for this proposal.

#### **6. Citizen impact**

- 6.1 There are no identified implications on the residents of Borough in the implementation of these recommendations.

#### **7. Equality implications**

- 7.1 A EQIA has been generated linked to the reports proposals and will be implemented in line with equality good practice.

#### **8. Consultation**

- 8.1 Consultation on the 2 year deal has taken place at national level and dialogue at the Council's ERF forum has been maintained during this period and will continue between localised unions officials and officers.
- 8.2 Nationally unions have stated their support for employers to implement the 2<sup>nd</sup> year of the pay deal moving onto the new pay spine but have stated that local implementation to the new pay spine will require a new collective agreement to be

signed and officers are currently consulting with union officials regarding the proposed new pay spine.

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**Personnel Committee Date – 27 September 2018**

**2019/20 PAYSCALES & ALLOWANCES - 2<sup>nd</sup> Year of Pay Deal**

**Service: All**

**Wards: All**

**1. Summary of report**

- 1.1 Following the decision of Personnel Committee on 18 April 2018 to approve the application of the 1<sup>st</sup> year of the 2 year National Employers for Local Government Services deal to the localised pay scales as amended from 1 April 2017, work has been undertaken to consider the implications of implementing the 2<sup>nd</sup> Year of the pay deal.
- 1.2 Personnel Committee is therefore requested to consider the information and recommendations in this paper based on the work undertaken to date.

**2. Recommendations**

**Members are asked to;**

- 2.1 Agree to the application of straight forward assimilation to the new pay spine for the 2<sup>nd</sup> year of the 2 year deal as detailed in this report with effect from 1 April 2019.
- 2.2 Upon agreement to the point above agreement is also sought to assimilate first and then apply any increments due rather than the other way round.
- 2.3 That Personnel Committee delegate authority to the Executive Director of Resources and Transformation, in consultation with the Portfolio Holder for Personnel and Business Support, to conclude consultation with the unions with any proposed changes to 2.1 or 2.2 above being brought back to Personnel Committee for approval before implementation.
- 2.4 Authorise officers to commence work as detailed in this report to explore and develop a longer term pay structure post March 2020. Bringing back any such pay structure to a future Personnel Committee for consideration and sign-off before implementation takes place.

**3. Report Detail**

- 3.1 Council implemented its localised revised terms and conditions with effect from 1<sup>st</sup> April 2017 which included a 1% reduction in basic pay at the point where employees nationally agreed cost of living pay award for 2017/18 becomes effective. This was agreed at Personnel Committee at its meeting on 28 June 2016.

- 3.2 The localised revised terms and conditions were also applied to staff employed on JNC terms and conditions, employees on Soulbury and Teaching pay spines and TUPE employees except those employed directly by schools.
- 3.3 When communicating to staff the rationale and impact of such changes to pay it was clearly articulated that whilst the reduction was permanent, future pay awards would be applied.
- 3.4 UNISON and GMB both voted to accept the National Employers for Local Government Services final pay offer covering the 2 year period 1 April 2018 to 31 March 2020.

Whilst Unite voted to reject the same offer 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.

- 3.5 As the Council is no longer paying the national pay scales following the implementation of the localised revised terms and conditions the approval of any matters including pay and grading structure and changes to terms and conditions rests with the Personnel Committee.
- 3.6 Personnel Committee on 18 April 2018 agreed to the application of the 1<sup>st</sup> year of the 2 year deal to the localised pay scales as amended from 1 April 2017.
- 3.7 Whilst the implementation of the 1<sup>st</sup> year of the 2 year deal was viewed as straightforward the implementation of the 2<sup>nd</sup> year of the deal is viewed as being more complex as it changes the existing NJC pay spine in order to continue to address the need to meet the requirements of the National Living Wage and also to deal with the compacting of pay differentials at the lower end of the pay spine.
- 3.8 Through some initial work undertaken by a working group between Finance/Payroll and HR it is viewed that the implementation of the 2<sup>nd</sup> Year of the pay deal can be approached in different ways ranging from direct assimilation across to the new pay spine to more ambitious options including designing a brand new pay structure for the Council designed to better support the delivery of the Council's priorities and those decisions made in light of the council wide stock-take; assists in attracting and retaining talent; eliminates the risk of successful discriminatory claims and is contained within the Council's available financial envelope.
- 3.9 As both approaches have distinct benefits it is viewed that a 2 staged approach should be taken with Stage 1 being a straight forward assimilation to the new pay spine within the existing grading structure. In doing so it would be in place by 1 April 2019 as it would not require any changes to terms and conditions of employment. Also as no employees are expected to suffer from financial detriment by its implementation it is unlikely to be challenged by unions or staff. Its financial impact has been calculated to be an additional approx. £500K.
- 3.10 In applying Stage 1 a decision needs to be reached as to whether to assimilate staff to the new pay spine first and then pay any increments due or the other way round as they both apply from 1<sup>st</sup> April 2019.

Advice received from the National Joint Council for Local Government Services dated 14 June 2018 was that both approaches were acceptable but stated that it was important that whichever was chosen that it was applied to the entire workforce.

Based on work done to date on this it evidenced that either approach produced different outcomes at some pay points whilst the overall cost to the Council was broadly the same although the assimilate first approach was viewed as being slightly cheaper by approx £73K although this is likely to be a little more when overtime and similar other payments are taken into account.

- 3.11 Stage 2 would involve work commencing in seeking to identify and develop a new Council pay structure more suited to meet its longer term needs.
- 3.12 Such work and possible implementation should not be under estimated in terms of the time and resources required in its development, consultation and implementation and as a consequence is not viewed as being achievable by 1 April 2019.

Whilst the costs associated with any such development cannot be accurately calculated until the preferred option is detailed the financial impact has potential to be significant and involve a review of the Council's existing job evaluation scheme and re-evaluation of all Council positions.

#### 4. **External Intelligence**

In terms of where our neighbouring councils are at with this issue the following was obtained from West Midlands Employers in terms of who had asked for their assistance on the matter:

**Coventry City Council** – exploring options including the removal of overlapping long grades + finding a £5 million saving.

**Birmingham City Council** – similar to Coventry in terms of the removal of long overlapping grades. Looking to implement Year 2 of current pay award but with a clear message that they are looking at something more future fit for 2020/21.

**Warwickshire County Council** – currently series of 4 point grades that butt rather than overlap. Exploring options including moving away from current grading structure and introducing an element of performance based increase.

**Dudley MBC** – no decision yet been made but are similar to Walsall in not paying 2017/18 pay award but under a collective agreement.

#### 4. **Financial implications**

- 4.1 If the straight forward assimilation to the new pay spine is applied to the 2<sup>nd</sup> year of the 2 year deal the financial impact has been calculated to be an additional c£500K including on costs.
- 4.2 It should be noted that the financial impact of implementing any option connected to Year 2 of the 2 year deal has not been included in the Council's Medium Term Financial Outlook.

## **5. Legal considerations**

- 5.1 The Council's proposals for the increase in staff pay for 2019/2020 are in line with the nationally agreed increase in the pay awards for which will be implemented using the Council's existing localised pays scales. On this basis there are no adverse legal implications for this proposal.

In relation to the proposal for the development of a longer term pay structure post March 2020 then these will be evaluated and provided to the Personnel Committee once this information has been collated, finalised and provided.

## **6. Citizen impact**

- 6.1 There are no identified implications on the residents of Borough in the implementation of these recommendations.

## **7. Equality implications**

- 7.1 A EQIA has been generated linked to the reports proposals and will be implemented in line with equality good practice.

## **8. Consultation**

- 8.1 Consultation on the 2 year deal has taken place at national level although dialogue at the Council's ERF forum has been maintained during this period and will continue between localised unions officials and officers.

Nationally unions have stated their support for employers to implement the 2<sup>nd</sup> year of the pay deal moving onto the new pay spine but have stated that local implementation to the new pay spine will require a new collective agreement to be signed. Further clarification on this position is currently being sought from regional union reps as it is not viewed by Officers as being necessary as the pay spine which we are proposing to assimilate too has been agreed on nationally and does not impact on existing terms and conditions.

Localised consultation and possible negotiation will be required once the implications and costed proposals in relation to any longer term future pay structure is developed.

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