

# Central Bedfordshire Council

General Purposes Committee

28 March 2019

## NJC Pay Spine Review Update

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### Purpose of this report

This report provides an update on Central Bedfordshire Council's implementation of the National Joint Council (NJC) pay bargaining agreement for the pay deal effective 1<sup>st</sup> April 2019.

### RECOMMENDATIONS

The Committee is asked to:

- 1. Note the content of this report due to the significant changes to the NJC pay spine structure in the next financial year.**

### Background

#### Pay Negotiations

1. This pay deal is as a result of particularly lengthy negotiations between national employer and union representatives and has proven to be the most challenging negotiation since the Single Status agreement in the 1990's.
2. The National Living Wage (NLW) was introduced in the July 2015 Budget. This set a target level to reach 60% of median hourly earnings by 2020. At the time of the announcement, the forecast for 2020 was £9.35 per hour. The November 2017 Office of Budgetary Responsibility forecast was £8.56, so the target NLW has been changing.
3. At the time of the Chancellor's statement in 2015 the minimum hourly rate on the 'Green Book' NJC pay spine was £7.00, requiring therefore an increase of approximately £2 per hour to our lowest paid employees within a five year period. By way of context, the increase in the bottom rate from £5.00 to £7.00 had taken thirteen years to achieve (2002 – 2015).

4. This led to a period whereby the nationally negotiated pay awards applied to the NJC 'Green Book' were 'bottom loaded' with higher percentage increases to the lower scale points compared to the higher scale points. This created a little headroom to allow for increases to the NLW within the pay spine but had a knock on impact on pay differentials between the lowest scale points.
5. The 2016-18 pay deal included a commitment for the NJC to review its pay spine to address some of the knock on challenges as well as preparing to meet the forthcoming obligations relating to NLW.
6. A working party was formed to undertake a technical review of the pay spine, but it was recognised that to achieve alignment with the NLW and re-set differentials, this would lead to an increase of costs at a time when Council budgets were already being challenged nationally.
7. The ballots by the unions proved to be equally contentious. Unite rejected the pay award offer whilst GMB and Unison balloted their members. GMB overwhelmingly voted to accept the offer, with Unison membership narrowly voting to reject. Unison re-balloted at branch level, finally accepting the deal based on 8 out of 11 regions voting positively. In March 2018, Unite finally accepted the collective majority decision to approve.
8. The agreement was a two-year deal consisting of a basic 2% pay award for April 2018 with bottom loading to address National Living Wage increases and a technical review of the pay spine for April 2019. Details of the changes to the new pay spine are as follows:
  - 8.1. A bottom rate of £9.00 per hour (£17,364) on new Spinal Column Point (SCP)1 (equivalent to old SCPs 6 & 7)
  - 8.2. 'Pairing off' old SCPs 6-17 incl. to create new SCPs 1-6 incl.
  - 8.3. Equal steps of 2.0% between each new SCPs 1 to 22 incl. (equivalent to old SCPs 6-28 incl.)
  - 8.4. 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 the current number of pay points in a grade might change.
  - 8.5. On new SCP 23 and above (equivalent to old SCP 29 and above), 2.0% increase on the 2018 rate.
9. Not all Councils use the national pay spine as they may have local pay bargaining arrangements instead. Those that are still part of the national pay bargaining process will have applied the pay spine to their salary structure in different ways, for example, grading boundaries. Therefore, the LGA can only provide guidelines on how to adopt the proposed pay spine and it is a matter for each individual Council to agree its own implementation.
10. The only defined requirement is that all staff must receive a minimum of a 2% pay increase.

## Schools

11. The pay award and revised pay spine applies to all employees engaged on NJC Conditions of Service, including support staff in Maintained Schools (Community, Voluntary Controlled, Voluntary Aided and Foundation Schools).
12. As a result of the School Workforce Reform and Single Status Agreement a number of years ago, the pay levels and bandings of school support staff are significantly different from the corporate pay structure. Therefore, they have been considered, consulted on and progressed separately with the relevant recognised Trade Unions alongside engagement with schools and the CBC Schools Finance Team due to the discreet implications on school budgets.

## CBC Terms and Conditions

13. The proportion of CBC employees affected by the new pay spine is approximately 95%.
14. CBC are part of the pay bargaining process up to the current SCP49. At the time CBC was created through the unitary process, it was locally agreed with the recognised Trade Unions (TUs) that the spinal column points beyond the NJC pay spine of SCP50 and above were adopted from Bedfordshire County Council. The pay structure, such as grade boundaries, the number of points to a grade, etc. were applied slightly differently which was also locally agreed with the unions.
15. In 2010 the Council fully engaged with the TUs to deliver savings across the organisation, and a 2% pay cut to grade 8 and above (starting at SCP 26) was negotiated with effect from 2011. As a result, CBC has a hybrid pay spine which is based on the NJC. After legal advice, those posts funded through the Housing Revenue Account (HRA) were excluded from this reduction as there was no direct economic benefit to the Council in applying this reduction. The HRA pay spine therefore remains aligned to the national pay spine.

## **Implementation of the Pay Deal**

16. The approach to implementing the new pay spine at CBC is based on the guidance in the following National Joint Council for Local Government Services Circulars:
  - 2018 and 2019 Pay scales and Allowances, dated 10th April 2018
  - New Pay Spine 1 April 2019, dated 14th June 2018
17. The Council has undertaken extensive modelling of implementation options, such as whether to assimilate staff to the new pay spine and then apply relevant annual service increments or vice versa.
18. CBC's implementation approach for those on NJC terms and conditions of employment both corporately and for schools is to first map employees to the new

assimilated spinal column point and then apply annual service increments if their pay grade band allows for it. This will be effective from 1<sup>st</sup> April 2019.

19. The approach enables consistency in application to all staff including those employees that started with or have been successfully promoted at CBC since October.
20. As a result of the introduction of a new spinal column point at the entry point to grade 8 which is the point the 2% salary reduction is applied from, it has made the salary of new SCP18 (£23,826) less than SCP17 (£23,836). The option not to include this new spinal column point was considered, however, this would further customize our hybrid pay spine and have a knock-on effect on the application of the pay spine and pay awards in the future. Instead, SCP18 will be increased to the same amount as SCP17 rather than not implementing the new spinal column point. The overlapping principle of the top of one grade being the same as the bottom of the next, has previously been agreed in various grades e.g. grades 1 and 2, 2 and 3, 13 and 14, 16 and 17, 17 and 18, 18 and 19 and 19 and 20. Note we have aligned to the higher value.
21. The 2% differential from grade 8 and above introduced in 2011 will continue to apply to CBC NJC salaries excluding the HRA.
22. Recognised TUs have been engaged, consulted with and recently agreed to CBC's proposals. Therefore, the changes outlined above will be implemented and effective from 1<sup>st</sup> April 2019.
23. A comparison of the current pay spines against the new pay spines for both the CBC corporate pay spine and HRA are illustrated in appendix 1. The percentage increase for each SCP ranging from 2% to 7.3% has also been detailed.

### **Impact on the salary structure**

24. As a result of the proposal to implement the new pay spine as per the national agreement, it has reduced the length of the CBC pay spine from 67 to 61 spinal column points.
25. It has also caused some grades to shrink and others to swell. As shown in Appendix 1, the five lowest grades will only have one or two pay spinal column points in each grade, whilst some of the middle grades increase to a six-point grade, which provides greater scope in relation to annual service-based increments. The breadth of grades should reflect the length of time it takes to become fully competent in the role and the new pay spine still models our current structure of narrower lower and higher grades with wider grades in the middle.

### **Council Priorities**

26. The proposed action to adopt the NJC pay award in this way supports the following Council priority:

- A more efficient and responsive Council.

## **Corporate Implications**

27. There are no additional corporate implications.

## **Legal Implications**

28. Central Bedfordshire Council is part of the national pay bargaining process, therefore is contractually obliged to implement the national pay deal. However, due to locally agreed pay structures, the approach to implementation must be consulted and agreed with recognised Trade Unions. This process of engagement and consultation has been undertaken and agreement has been reached enabling the Council to implement the proposed approach with effect from 1<sup>st</sup> April 2019.

## **Financial Implications**

29. The financial modelling demonstrates that the corporate implementation costs are within the Medium Term Financial Plan budgeted allocation.

## **Equalities Implications**

30. Central Bedfordshire Council has a statutory duty to promote equality of opportunity, eliminate unlawful discrimination, harassment and victimisation and foster good relations in respect of nine protected characteristics; age disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.

31. CBC have undertaken Equality Impact Assessments with input from the Council's Community Intelligence Manager. The results confirm that in compliance with the terms of the NJC agreement, no staff grouping is disadvantaged as all staff will receive a minimum of 2% increase and further benefits lower paid roles with increases of up to 7.3%.

## **Conclusion and next Steps**

32. The implementation approach is to assimilate employees and then apply service increments, where eligible.

33. The Council has fairly and consistently applied a nationally agreed approach to the pay spine review.

34. These changes will be effective from 1<sup>st</sup> April 2019 and all employees will be notified in writing of their new spinal column point and salary.

35. Terms and conditions within the Green Book, and local agreements associated to particular spinal column points and grades will remain in place but will be assimilated accordingly.

36. This technical review of the NJC pay spine impacts the grading structure of our locally agreed pay structure. As part of the negotiations with Trade Unions, CBC have agreed to further review our pay structure in the next financial year to see if there are any other improvements that can be made. Unions are particularly concerned with CBC's hybrid pay spine and the variation in the number of SCPs in grades and the potential impact on lower paid employees.
37. Any further changes to the pay spine outside of any national agreement will be shared appropriately with the General Purposes Committee and the outcome included within future Pay Policy Statements.

## **Appendices**

### **Appendix 1: Pay Spine Comparison**

#### **Background Papers**

None

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