

**NORTH LINCOLNSHIRE COUNCIL**

**POLICY AND RESOURCES CABINET MEMBER**

**NATIONAL MINIMUM WAGE 2014**

**1. OBJECT AND KEY POINTS IN THIS REPORT**

- 1.1 To outline and seek approval for the increase of Spinal Column Point (Scp) 5 on an interim basis in line with the National Minimum Wage (NMW) increase with effect from 1 October 2014.
- 1.2 That an urgent decision is taken to enable the necessary changes to be implemented from 1 October 2014, for all employees concerned.

**2. BACKGROUND INFORMATION**

- 2.1 There is currently an ongoing pay dispute regarding employees on NJC terms and conditions. The employers' side have offered a 1% pay award for most grades, with a higher percentage offered at the lower end of the pay scale. The unions have rejected this offer and have already held a one day strike in July. A further day of strike action is planned for 14 October 2014. Therefore it is highly unlikely that the pay award will be agreed before the NMW rises to £6.50 per hour on 1 October 2014.
- 2.2 The bottom point of the council's current pay scale is Scp 5. This is the only Scp in grade 1. The annual salary is £12,435 per annum, which equates to £6.45 per hour.
- 2.3 Should no pay award be implemented by 1 October 2014, the council will be in breach of the NMW.

**3. OPTIONS FOR CONSIDERATION**

**Option one**

- 3.1 In order to comply with the requirements of the NMW, the council will need to pay all employees on Scp 5 an increased rate of £6.50 per hour, until such time as the pay dispute is resolved and a pay award agreed and implemented.

**Option two**

3.2 That the council waits for a pay award for NJC staff to be agreed and implemented, and in doing so would breach the requirements of the NMW.

**4. ANALYSIS OF OPTIONS**

4.1 Option one will ensure that the council remains compliant with the NMW.

4.2 Option two will mean that the council is in breach of the NMW and could be liable for a fine of up to £20,000 as well as reputational damage.

**5. RESOURCE IMPLICATIONS (FINANCIAL, STAFFING, PROPERTY, IT)**

5.1 There are 406 contracted employees and 233 casual workers on scp 5.

5.2 The cost of option one will be approximately £1612 per month. It is not clear how long the ongoing pay dispute may continue for and on this basis a finite cost cannot currently be predicted. However, the increase in cost can be met from the budgeted contingency provision for the pay award. When any pay award is implemented this interim increase will be deducted from the increase at that time. The above figure includes on costs at 29.5%.

5.3 The above figures exclude casual workers as there is no predictable pattern of work which makes this an indeterminable cost.

**6. OUTCOMES OF INTEGRATED IMPACT ASSESSMENT (IF APPLICABLE)**

6.1 An integrated impact assessment has considered the diversity implications of these revisions. It has highlighted that a higher proportion of female employees are affected by these proposals.

**7. OUTCOMES OF CONSULTATION AND CONFLICTS OF INTERESTS DECLARED**

7.1 The trade unions have been consulted and are in agreement with option one.

**8. RECOMMENDATIONS**

8.1 That option one be approved and adopted.

DIRECTOR OF POLICY AND RESOURCES

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**Background Papers used in the preparation of this report - None**