

**NORTH LINCOLNSHIRE COUNCIL**

**POLICY AND FINANCE CABINET MEMBER**

**PAY AND THE IMPLICATIONS OF THE NATIONAL LIVING WAGE 2016**

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

- 1.1 To outline the requirement for a temporary increase of spinal column points (Scps) 6, 7 and 8 in order to comply with the new National Living Wage. This is following the absence of a national agreement on the National Joint Council (NJC) pay award for 2016/2017.
- 1.2 That a decision is taken to enable the necessary changes to be implemented from 1 April 2016, for all employees concerned.

**2. BACKGROUND INFORMATION**

- 2.1 The most recent NJC pay award was implemented with effect from 1 January 2015. As part of this Scp 5 was deleted with effect from 1 October 2015.
- 2.2 A new 'National Living Wage' (NLW) is due to be introduced from 1 April 2016. This new rate of £7.20 per hour will apply to all employees (and casual workers) who are aged 25 or over. The council will need to pay at least this rate of pay in order to be legally compliant.
- 2.3 The NLW will affect NJC Scps 6, 7 and 8 which are currently below £7.20 per hour. It had been hoped that the agreement of an NJC pay award nationally in time for 1 April 2016 would have negated this as an issue. However, nationally two of the three trade unions (UNISON and GMB) are balloting their members on the employers' final offer. UNISON's ballot closed on 18 February 2016 but given that GMB's ballot does not close until 14 March 2016, even if there is a yes to the final offer there will not be sufficient time before April's payrolls.
- 2.4 Apprentices who are aged 25 or over and are **not** in the first year of their apprenticeship are also required to be paid the NLW. For apprentices 24 aged or under, the relevant National Minimum Wage (NMW) rate will still apply (currently £6.70 per hour).

### 3. OPTIONS FOR CONSIDERATION

- 3.1 In order to comply with the requirements of the NLW it is proposed that there will be a temporary increase to those Scps currently affected (6,7 and 8) to the rate of £7.20 per hour. Once a pay award for NJC is agreed nationally we will implement this locally (less any local amendments required as part of our terms and conditions agenda).
- 3.2 Any apprentice aged 25 or over and in the second or subsequent year of an apprenticeship will also be paid at £7.20 per hour.
- 3.3 The council could choose however, to only pay the NLW to those affected employees who are aged 25 and over.
- 3.4 As a result of this, paragraph 8.2 of the Pay policy has been amended and is attached.

### 4. ANALYSIS OF OPTIONS

- 4.1 A temporary increase on Scps 6, 7 and 8 will ensure that the council is compliant with the NLW.
- 4.2 It is hoped that an NJC pay award will soon be agreed and applied to resolve this issue on a permanent basis. Because the NJC pay award would apply to all NJC employees regardless of their age then there seems to be little value in only applying the NLW to those aged 25 or over in the interim. There would be an increased administrative burden to this and any small saving financially would only be temporary given that the pay award will mean all employees will receive the new rate and relevant back pay at a later anyway.

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

- 5.1 The following numbers will be affected by this:

<b>Scp</b>	<b>No of employees</b>	<b>No of casual workers</b>	<b>Total</b>
6	407	274	681
7	780	497	1277
8	120	283	403
<b>Total</b>	1307	1054	2361

- 5.2 There is also one apprentice who will currently be affected by the NLW from 1 April 2016. Others will need to be paid the NLW dependent upon their age or anniversary of their service.
- 5.3 This increase will cost approximately £75,000 but this will be subsumed by the introduction of the NJC pay award when this is agreed. This will be met from the budgeted contingency provision already in place for the pay award.

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

6.1 An integrated impact assessment has considered the diversity implications of these revisions (see attached). It has highlighted that a higher proportion of female and part time 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 the need for a temporary increase pending the agreement of a pay award.

**8. RECOMMENDATIONS**

8.1 That the temporary increase and revised Pay policy be approved and adopted.

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Date: 17 February 2016

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

## 1.0 INTRODUCTION

- 1.1 Grading of jobs will be determined by the council's job evaluation schemes to ensure that they are fair and non-discriminatory, comply with equal pay legislation and associated codes of best practice.
- 1.2 Basic pay will be in accordance with the evaluated grade and the agreed pay structure of the relevant conditions of service.
- 1.3 All evaluated grades are subject to approval by the Policy and Resources Cabinet Member.
- 1.4 Where this policy and others are silent on matters of pay, the National Joint Council (NJC) for Local Government Service National Agreement on Pay & Conditions of Service (the 'Green book') will apply.

*Note 1: This document applies to all council employees subject to the terms and conditions of the National Joint Council (NJC) for Local Government Service National Agreement on Pay and Conditions of Service (the 'Green book'). The principles of this policy also apply to the following groups of employees where national conditions are not prescribed:*

- *Soulbury officers*
- *Youth & Community Workers*
- *Centrally employed staff on teachers' terms and conditions*

## 2.0 STARTING SALARIES

- 2.1 Appointees will commence at the minimum spinal column point (Scp.) of the scale except where the person to be appointed already receives a basic salary within the grade of the new job, when the next higher incremental point may be used provided that the person is not moving jobs **within the council** on the same grade.
- 2.2 Where more than one contract (internally or externally) is held at any one time, the salary in the first will not count towards the calculation of salary for a second or subsequent contract unless both are for exactly the same job type i.e. working to the same evaluated job description and grade.

- 2.3 In determining the basic salary of a candidate all supplementary payments or allowances such as overtime, bonus, attendance allowances, etc. shall be disregarded. No account will be taken of company cars or any other non-financial benefit.
- 2.4 Previous basic salary will not be taken into account, where the candidate is unemployed at the point the offer is made.
- 2.5 In exceptional circumstances, Directors in consultation with the Assistant Director Human Resources may authorise a starting salary elsewhere within the grade of the post.
- 2.6 Where a person is appointed to a career graded post and meets all the criteria for a specific grade within the career grade they should be appointed to the minimum point of that specific grade subject to 2.1 above.
- 2.7 Payment for most new appointees with the exception of apprentices and casual workers will be monthly on the 28<sup>th</sup> day of each month by credit transfer.

### **Pensions**

- 2.8 Eligible employees will automatically become a member of the Local Government Pension Scheme (LGPS) if they have a contract of employment for at least three months.
- 2.9 For centrally employed teachers or posts that the council decides are eligible for membership of the Teacher's Pension Scheme (TPS) new appointees will automatically become scheme members.

### **3.0 INCREMENTS**

- 3.1 Increments shall be paid on 1<sup>st</sup> April each year until the maximum of the grade is reached unless the employee has less than six continuous months service in the post or at the same spinal column point by 1<sup>st</sup> April in which case the next increment will be payable the following April.

- 3.2 An employee promoted or regraded to a higher grade should receive an immediate pay increase.
- 3.3 A higher grade is defined as one which the employee could not have progressed to had they remained in their previous grade. Career graded posts with progression criteria between each grade are to be considered as separate grades.

#### **4.0 OVERTIME/ADDITIONAL HOURS**

- 4.1 Overtime/additional hours payments will be calculated in accordance with the 'Green book', and the collective agreement on the implementation of job evaluation.
- 4.2 Employees who are required to work overtime/additional hours beyond their working week are entitled to receive enhancements on the following basis:
- |   |                              |
|---|------------------------------|
| Monday to Saturday                              | Time and a half              |
| Sundays and Public and Extra Statutory holidays | Double time<br>(min 2 hours) |
- 4.3 Overtime rates will only be payable to employees on Scp. 25 or less.
- 4.4 Part-time employees will only be paid overtime rates in circumstances where an equivalent full time employee would receive them. E.g. for a part-time employee who normally works Monday to Friday, work up to 37 hours per week Monday to Friday will be paid at plain time; thereafter and at weekends overtime rates will be payable.
- 4.5 Employees on Scp. 26 or above who are required to work additional hours beyond their normal working week (described at 4.4 and 4.6) will be entitled to either a plain time payment or time off in lieu (TOIL) for exactly the amount of hours worked. This will be determined and agreed in advance by the employing department.
- 4.6 All overtime must be authorised in advance by an appropriate manager unless other arrangements are in place.

## 5.0 ENHANCEMENTS

5.1 As part of the collective agreement on the implementation of Job Evaluation the following elements of the 'Green book' have been discontinued:

- Retaining fee
- Unsocial hours payments
- Residential and Allied Staff Conditions (RASC)

### **Non-standard working patterns and shift work**

5.2 Enhancements for non-standard working and shift allowances will only be payable to employees on Scp. 28 or less.

#### *Weekend working*

5.3 Employees who are required to work on Saturday and/or Sunday as part of their normal working week are entitled to the following enhancements:

Saturday	Time and a half	
Sunday	Time and a half	(employees above point 11)
	Double time	(employees at or below point 11)

#### *Night work*

5.4 Employees who work at night as part of their normal working week are entitled to receive an enhancement of time and one third for all hours worked between 8pm and 6am.

5.5 The night work rate shall be payable where appropriate, in addition to the enhanced rates of pay for work as part of the normal working week, on Saturday and on Sunday.

#### *Bank Holiday working*

5.6 Employees required to work on a public or extra statutory holiday shall, in addition to the normal pay for that day, be paid at plain time rate for all hours worked within

their normal working hours for that day. In addition, at a later date, time off with pay shall be allowed as follows:

Time worked less than half the normal working hours on that day

Half Day

Time worked more than half the normal Working hours on that day

Full Day

### *Alternating shifts*

- 5.7 An enhancement equivalent to 10% of basic salary will be payable to employees working alternating shifts providing all of the following criteria are met:
- The total period covered by the shifts is 11 hours or more.
  - There are at least 4 hours between the starting time of the earliest and latest shift.
  - The number of normal office hours shifts (8am to 6pm) does not exceed half of the shifts in the rota.

### *Rotating shifts*

- 5.8 An enhancement equivalent to:
- 17% of salary for three shifts on a rota basis including a night shift over 5 or 6 days, or
  - 20% of salary for three shifts on a rota basis including a night shift over 7 days will be payable to employees working rotating shifts providing all of the following criteria are met:
    - The total period covered by the shifts is 18 hours or more.
    - At least 4 hours are worked between 8pm and 6am.

### *Split shifts*

- 5.9 An employee whose normal daily duty necessitates more than one attendance within the same contract, with a continuous break between attendances of not less than two hours, will receive an additional five pence per hour for all hours worked.

5.10 The payment does not apply in the following circumstances:

- Employees working overtime/additional hours
- Employees called upon to return to work
- Employees engaged on night work.

5.11 If a part time school cleaner who works on split duty basis during school term works on a continuous duty during a period of school closure, the five pence addition continues to be paid at the amount payable during term time.

#### *Standby/Call-out*

5.12 An employee who is contractually required or volunteers to be available on a standby/call-out basis will be recompensed by payment of an amount determined at a local level.

5.13 The agreed payment is designed to compensate employees for the inconvenience of being at council's disposal outside of normal working hours and for the limitations this imposes on them. The payment is made on the basis that employees are at all times available and able to work if called upon.

5.14 Employees who are called upon to return to work will be paid an amount determined at a local level. In some circumstances this may be incorporated into the agreed standby payment.

*Note 2: Information on allowances and expenses payable for purposes other than non-standard working patterns can be found in the council's Allowances and Expenses procedure B.4.*

## **6.0 TEMPORARY EMPLOYEES AND CASUAL WORKERS**

6.1 All the provisions stated above should be applied equally to temporary employees as to permanent employees.

6.2 Casual workers do not work regularly but are engaged on an 'as and when required' basis and will be paid on an hourly basis at the minimum point of the evaluated grade for the job undertaken. The rate of pay will attract, as appropriate, any

premium payments which would be payable to regular employees working similar hours provided that all the qualifying conditions are met. No other national, regional or local conditions of service will apply. An additional allowance of 10.7% of their basic salary will be paid for annual leave, but is independent of all other enhancements.

## **7.0 UNDERTAKING THE WORK OF A HIGHER GRADED POST**

- 7.1 An employee, who is required by their Director to undertake the duties and responsibilities of a higher graded post, may be paid in accordance with the grade of the duties and responsibilities temporarily undertaken. The payment of an honorarium will normally be limited to periods in excess of four weeks except when alternative means of providing cover are not available.
- 7.2 The amount to be paid will be the minimum of the higher graded post unless the salary of the employee including contractual enhancements/allowances already exceeds the minimum in which case the next incremental point should be used.
- 7.3 Honoraria payments where partial duties and responsibilities are undertaken are calculated on the basis of the Director's assessment of the percentage of the higher graded work undertaken. This percentage will be applied to the difference between the individual's salary and the minimum point of the higher graded post, unless the salary of the employee already exceeds the minimum in which case the next available incremental point should be used, to calculate the payment to be made.
- 7.4 Payment will cease immediately the employee resumes their normal duties.
- 7.5 In identifying employees to undertake the duties and responsibilities of a higher graded post the principles of equality of opportunity should apply and expressions of interest sought from the group of employees who could undertake the higher graded duties.

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**Officers undertaking additional, exceptionally onerous duties and responsibilities**

- 7.6 Employees who are required by their Director to perform additional, exceptionally onerous duties and responsibilities may be paid an additional amount determined in consultation with the relevant head of Human Resources (HR).

**Approval**

- 7.7 Formal approval, in accordance with the council's terms of reference of committees, is required for the payment of an honorarium in advance of an employee undertaking the duties and responsibilities of a higher graded post or those of an exceptionally onerous nature.
- 7.8 Approval of honoraria is delegated to Directors, subject to prior consultation with the relevant head of HR and the finance/resources manager.
- 7.9 Employees must not be advised that they will receive an honorarium until formal approval is obtained.
- 7.10 The Head of HR is responsible for compiling a written quarterly report with full costs for each of their directorates for consideration by Service Management Teams (SMTs) and the appropriate Cabinet Member. Copies will be provided to the Assistant Director Human Resources who will prepare a council wide report for consideration by the Policy and Resources Cabinet Member.
- 7.11 Once approved the formula for honoraria payment remains fixed, for the period concerned.

**8.0 APPRENTICES**

- 8.1 Apprentices at North Lincolnshire Council will be paid £6,367 per annum (approximately £3.30 per hour) in the first year of apprenticeship. Subject to satisfactory progress with their qualification, this will be increased to £7,254 per annum (approximately £3.76 per hour) in subsequent years, unless paragraph 8.2 applies.

8.2 Apprentices are entitled to the appropriate National Minimum Wage (NMW) or National Living Wage (NLW) rate when they are aged 19 or over and have completed the first year of their apprenticeship.

- Workers aged 18 to 20 (the NMW 'development rate'), currently £5.30 an hour
- Workers aged 21 to 24 (the NMW), currently £6.70 an hour.
- Workers aged 25 and over (the NLW), currently £7.20 per hour.

8.3 Where an apprenticeship framework is identified as a suitable development opportunity for existing employees, the nature of their employment status will not change and their terms and conditions will be no less favourable than as stated in their SOMT.

## **9.0 SALARY PROTECTION**

9.1 Salary protection will apply in situations where an employee is:

- redeployed into a lower graded post under defined circumstances, or
- where an organisational review or a regrading application results in the re-evaluation of an employee's current post to a lower grade

9.2 The protected salary will be reduced to the actual post value over a two year period as detailed in the council's Redeployment procedure A.9.

## **10.0 ADMINISTRATION**

10.1 Reports to the Policy and Resources Cabinet Member highlighting increased grading costs should be based on the mid point of the new grade plus salary on costs. The mid point of a grade is calculated by adding the minimum point of a grade to the maximum point and dividing by two.

10.2 Current NJC payscales, including mid points and salary on cost figures are detailed at Appendix 1a.