

REPORT TO HR & APPEALS PANEL

Title:	Introduction of National Living Wage
Date of Meeting:	17 March 2016
Project Lead Officer:	Tracy Murphy, Assistant Director of Resources & Regulation (HR & OD)
Project Sponsor:	Steve Kenyon, Interim Executive Director of Resources & Regulation

1.0 PROJECT DESCRIPTION

1.1 To accommodate the legal requirement to pay the National Living Wage with effect from 1 April 2016.

2.0 DECISIONS REQUIRED

2.1 To agree an approach to ensure the Council is legally compliant with the National Living Wage whilst considering the impact of a potential withdrawal of the current Employers' offer.

3.0 SUMMARY OF KEY ISSUES

3.1 As part of the Budget 2015 the Chancellor announced the introduction of a National Living Wage; the commitment being to pay anyone over the age of 25 £7.20 an hour with effect from 1 April 2016, rising to £9.00 an hour by 2020.

3.2 Also, as part of the pay award, SCP5 was removed with effect from 1 October 2015, thereby leaving Grade 1/2 to be SCP6, £13,614 only.

3.3 The current hourly rates in respect of grades 1/2, 3 and 4 are shown in the table below:-

	SCP	Hourly rate
Grade 1/2	6	£7.0565
Grade 3	7	£7.1088
	8	£7.1897
Grade 4	9	£7.2954
	10	£7.4318
	11	£7.8822

Currently those employed on SCPs 6, 7 and 8 fall below the National Living Wage.

4.0 KEY MILESTONES FOR THIS PERIOD

4.1 Changes need to be agreed and implemented on 1 April 2016 to coincide with the legislative change.

5.0 **PROGRESS TO DATE**

- 5.1 On 9 December 2015 the Local Government Association circulated details of the National Employers Pay Offer which sought to seek a two year agreement with a headline of 1% in each of 2016 and 2017 in addition to increasing the bottom pay points to take account of the National Living Wage.

The impact on the Council's pay scales should the pay award be agreed is shown in the attached documents



Salary Chart Oct 2015



Salary Chart Apr



Salary Chart Apr

(incl hourly holiday ra 2017 with proposed p; 2016 with proposed p;

- 5.2 If agreed the Employers' offer would exceed the amount required to meet the level of the National Living Wage, being £7.52 an hour from 1 April 2016 as opposed to the statutory £7.20.
- 5.3 The Trade Unions have undertaken a consultative ballot and the result is that the Pay Offer has been rejected by Unison and Unite. GMB are currently balloting their members to seek their view. Clearly, this means that the pay award will not be implemented in time for the Council to ensure compliance with paying the National Living Wage with effect from 1 April 2016, so an interim solution needs to be put in place.
- 5.4 It is proposed therefore that until the pay award is agreed to pay a supplement to employees on SCPs 6, 7 and 8 to take them up to the £7.20 threshold. This will erode the pay differential on a temporary basis until the pay award is agreed and arrangements to pay necessary back pay are in place.

6.0 **FINANCIAL IMPLICATIONS**

- 6.1 There will be financial implications of the implementation of the National Living Wage and these are currently being assessed.

7.0 **EQUALITY AND DIVERSITY**

- 7.1 No issues have been identified – the impact will be positive for all affected employees.

8.0 **FUTURE ACTIONS**

- 8.1 To agree the proposal and notify payroll and the Trade Unions of the interim solution.