

<b>Report title</b>	<b>Re-modelling the pay scales</b>
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<b>Department</b>	Human Resources and Organisational Development
<b>Exempt?</b>	No

**Purpose of report:**

- **To resolve**

**Synopsis of report:**

**The implementation of the new the National Living Wage rates and the consequential increase to hourly and annual salaries within the Council means the payscale must be re-modelled at Grade 3 and 4 (the lowest grades within the structure) to accommodate the national changes.**

**Recommendation(s):**

- **The re-modelling of the pay scales in line with Option 2 set out in this report is noted/approved.**
- **Delegation is given to the Chief Executive to conclude the negotiations with the recognised Trade Union and implement a new arrangement.**
- **To approve the implementation of the new National Living Wage rate with effect from 1<sup>st</sup> April 2024 in accordance with the legislation.**

**1. Context and background of report**

1.1 The introduction of the National Living Wage (NLW) on 1 April 2016 has had the effect of eroding away Scales 1,2 and 3 of the pay structure in past years. The National Living Wage which now applies to those aged 21 and over rises from £10.42 per hour to £11.44 per hour w.e.f. 1st April 2024. Consequently, the salary scales require re-modelling to accommodate the new hourly rates.

**2. Report and, where applicable, options considered and recommended**

2.1 Consideration has been given as to how best achieve the re-modelling of the pay scales to accommodate the new NLW rates of pay, for example ensuring the new salary structure:

- is affordable
- maintains the basic equal pay principals of equal value for equal work
- is reflective of departmental, professional and technical hierarchy within team structures
- does not accelerate 'grade creep' due to the NLW salary increases

- 2.2 The current pay scales are shown in Appendix 1, for reference.
- 2.3 Taking the criteria above (para 2.1) into consideration the following proposals were reviewed by officers: -
- 2.4 Option 1 – The deletion of grades 3 and 4 completely moving all staff within the current grades 3 and 4 to grade 5
- 2.5 Option 2 – Retain Grade 3 as a new entrant single salary grade to RBC (predominantly used for apprenticeship placements) and retain grade 4 but shorten its span from £11.50ph to £11.90ph.
- 2.6 Following the review of the proposals it was identified that option one did not meet all the criteria set out in para 2.1. Initially the concept was that RBC deletes grade 3 as the salary attached to it has been eroded away by the increase to the NLW rates, as previously explained in the Pay Policy Statement 24/25 (section 5). However, this could compromise the departmental, professional, and technical hierarchy within team structures e.g. cleansing operative grade 3, loader grade 4 and 7.5t Driver grade 5 so a decision was taken to consult with the recognised Trades Union on option 2. It is recognised that implementing option 2, will only assist as an interim measure until the NLW is again reviewed and a more fundamental consideration of RBC's Pay, Grading and Reward Strategy is required in 2024/25.
- 2.7 The proposals to re-model the salary scales as shown in Appendix 2 were presented to the recognised Trades Union, UNISON, on 13<sup>th</sup> February 2024.
- 2.8 UNISON were consulted on the proposals and actively engaged in a discussion exploring the proposal. Consequently, UNISON have agreed to the implementation of OPTION 2 on the understanding a further pay, grading and reward strategy review will be undertaken during 2024/25. More understanding of the comments, observations, and views of UNISON on this topic are detailed below in para 9.1
- 2.9 To conclude this piece of work it is proposed that CMC approve the Chief Executive has delegated management authority to implement Option 2 to ensure RBC can re-model the pay scales to accommodate the implementation of the NLW including the desired resolutions to address the concerns of UNISON, where at all possible.

### **3. Policy framework implications**

- 3.1 It is an essential part of the Council's Talent Management and Organisation Development Strategies that the Council has competitive terms and conditions of service to ensure that it can attract the right talent, at the right time, for the right price (basic workforce planning methodology) to ensure the services of the Council can be deployed for the residents and local community of Runnymede.

### **4 Resource implications/Value for Money**

- 4.1 The 2024/25 budget approved by full Council in February 2024 included a provision for the annual staff pay award for 2024/25 from which the adjustments for the National Living Wage requirements will need to be met. It was estimated that to meet the new NLW rates of pay £63,000 would be required out of this provision. Option 2 will be able to achieve the re-modelling of the pay scales and the implementation of the NLW within this budget.

4.2 It should be noted that each year that the NLW percentage increase is greater than the annual pay award for staff there will continue to be a need to review the Council's pay scales.

## **5. Legal implications**

5.1 If HMRC finds that the employer has not paid the minimum wage, action they can take against the employer includes:

- issuing a notice to pay money owed, going back a maximum of 6 years
- issuing a fine of up to £20,000 and a minimum of £100 for each employee or worker affected, even if the underpayment is worth less
- legal action including criminal legal proceedings
- passing on the names of businesses and employers to the Department for Business and Trade (DBT) who may put them on a public list.

5.2 The workers or employees affected by non-payment of the NLW can also take their complaint to employment tribunal and the civil court.

5.3 The Council would wish to avoid any legal challenge and implement the new NLW rates.

## **6. Equality implications**

6.1 The new NLW rates increase the salaries of our lowest paid employees which equate to 18% of our workforce. Of those employees affected (18% of the workforce) in grades 3 – 4 the following EIA analysis has been undertaken: -

- 40% are female and 60% are male,
- 85% are white, 2.5% Asian and 14% prefer not to say
- 1% disabled
- 5% aged 16-24, 17% aged 25-39, 11% aged 40-49, 47% aged 50-54, 20% aged 65+

6.2 The analysis identifies that there is no single group negatively affected by the implementation of the new NLW rates and the amendments to the consolidation of grade 4 to accommodate the changes this year. However, should the fundamental review of the Pay, Grading and Reward Strategy not be undertaken it could lead to future disadvantage of those lower paid employees as there is limited salary progression within the new grade 4 for future salary progression in the years ahead.

## **7. Environmental/Sustainability/Biodiversity implications**

7.1 Not applicable

## **8. Risk Implications**

8.1 Not implementing the NLW could bring about reputational and litigation risks for the Council. Should negotiations not have been concluded with UNISON on the remodelling of the salary scales by the NLW implementation date of 1 April 2024, the council would propose to have implement the new NLW rates of pay for the employees eligible for the increase to ensure we are legally compliant and continue discussions to resolve the remodelling of the pay scales. Fortunately, this will not be required as an agreement has been reached.

## **9. Other implications – Views from UNISON**

9.1 UNISON have reluctantly accepted the implementation of Option 2 given the timeframe and the current financial position. However they were disappointed by the number of employees who feel below the new NLW rate currently. Unison also urged the employer to also remunerate those moving on to the NLW through remodelling to also receive the 3% increment as the re-modelling was a legal requirement to get them to this point. UNISON also noted they were acutely aware of the financial circumstances of our lower paid staff and are seeking the Cost-of-Living Award in July having an emphasis on this and being backdated.

## **10. Timetable for Implementation**

10.1 The new NLW rates of pay will be implemented by 1<sup>st</sup> April 2024 for those employees who are eligible. The new salary scales will be implemented once the negotiations have been finalised with the Trade Union.

## **11. Conclusions**

11.1 The proposal to remodel the pay scales to accommodate the new NLW rates have been agreed with the recognised Trade Union UNISON. The Council will now implement this with effect from 1<sup>st</sup> April 2024 to meet our legal duty, with a commitment to review the pay, grading and reward strategy and structure in 2024/25.

## **12. Background papers**

- Pay Policy Statement

## **13. Appendices**

- Appendix 1 – Current RBC Salary Scales 1<sup>st</sup> July 2023 to date
- Appendix 2 – Proposed RBC Salary Scale with effect from 1<sup>st</sup> April 2024.

## Appendix 1

Salary scales - officer grades (From 1 July 2023)

Grade	Salary range £
3	20,707 - 21,115
4	21,115 - 22,969
5	22,969 - 24,823
6	24,823 - 26,290
7	26,290 - 28,831
8	28,831 - 31,997
9	31,997 - 35,508
10	35,508 - 39,424
MMA (middle manager)	39,424 - 47,956
MMB	47,956 - 55,617
SMA (senior manager)	55,617 - 63,576
SMB	63,576 - 70,580
SMC	70,580 - 79,227
Corporate Head of Service 2	71,048 - 79,791
Corporate Head of Service 1	79,791 - 87,444

## Appendix 2

Proposed Salary scales - officer grades (1<sup>st</sup> April 2024)

Grade	Salary range £
3	£22,187
4	22,187 - 22,969
5	22,969 - 24,823
6	24,823 - 26,290
7	26,290 - 28,831
8	28,831 - 31,997
9	31,997 - 35,508
10	35,508 - 39,424
MMA (middle manager)	39,424 - 47,956
MMB	47,956 - 55,617
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