

Local Government Pay Offer – Detailed Guidance

Introduction

This guidance has been produced to reflect the latest local government pay offer made by the National Employers which has been presented as a final offer and which the Trade Unions have been asked to consider.

This offer is intended to address the impact of the National Living Wage, at least for the next two years, by uplifting all lower scale points that would otherwise have been made obsolete by the introduction of the National Living Wage. The offer also proposes an uplift to higher pay scale points, so that there is a differential maintained between higher and lower scale points. This means there will be a wider impact on schools beyond that which would have resulted from the introduction of the National Living Wage.

Does this affect all staff?

This document relates to support staff in schools only. Any proposed uplift to the teacher ranges will not be known until approximately May 2016 at the earliest.

How would pay points be affected by the latest Pay Offer?

The National Employers have made the following final offer to the unions, proposing the following uplift to existing pay points:

From 1 April 2016:

- On SCP 6, £900 (equivalent to 6.6%)
- On SCP 7, £900 (equivalent to 6.6%)
- On SCP 8, £900 (equivalent to 6.5%)
- On SCP 9, £900 (equivalent to 6.4%)
- On SCP 10, £900 (equivalent to 6.3%)
- On SCP 11, £300 (equivalent to 2.0%)
- On SCP 12, £300 (equivalent to 2.0%)
- On SCP 13, £250 (equivalent to 1.6%)
- On SCP 14, £250 (equivalent to 1.5%)
- On SCP 15, £200 (equivalent to 1.2%)
- On SCP 16, £200 (equivalent to 1.2%)
- On SCP 17, £175 (equivalent to 1.01%)
- On SCPs 18 and above, 1.0%

and...

From 1 April 2017:

- On SCP 6, £500 (equivalent to 3.4%)
- On SCP 7, £500 (equivalent to 3.4%)
- On SCP 8, £475 (equivalent to 3.2%)
- On SCP 9, £400 (equivalent to 2.6%)
- On SCP 10, £375 (equivalent to 2.5%)

- On SCP 11, £300 (equivalent to 1.9%)
- On SCP 12, £300 (equivalent to 1.9%)
- On SCP 13, £300 (equivalent to 1.9%)
- On SCP 14, £300 (equivalent to 1.8%)
- On SCP 15, £300 (equivalent to 1.8%)
- On SCP 16, £250 (equivalent to 1.5%)
- On SCP 17, £225 (equivalent to 1.3%)
- On SCPs 18 and above, 1.0%

The 2015/16 scale points have been uplifted to reflect the offer above in [Appendix 1](#) to give an indication of what salaries would look like over the next two years.

What does the Local Government Pay Offer mean for schools?

The total increase to the national pay bill resulting from this offer is reported by the Local Government Association to be 2.4% over two years (covering the period 1 April 2016 to 31 March 2018). Approximately 0.4% of this figure is designed to meet the obligations of employers under the National Living Wage.

In schools, however, where a higher proportion of posts are paid on the grades which it is proposed should be uplifted, the increase is likely to present a much more significant increase to the wage bill. This is likely to impact primary schools most.

Allowing the National Living Wage to overtake spinal column points (SCPs) would have delayed the impact of the introduction of the National Living Wage and given schools greater freedom in choosing to use the National Living Wage as a rate of pay to remunerate certain posts. The impact is now likely come sooner across a broader range of posts, if the proposal is accepted.

What will be the impact for schools?

The National Employers are currently taking a stance of seeking to retain the current pay scales as far as possible by uplifting them to address the implementation of the National Living Wage. To retain the bottom pay point this will potentially require an uplift of 32% to achieve the government's target of around £9 per hour by 2020.

This necessitates having to increase subsequent pay points in order to maintain differentials between the lower and higher pay points. This is likely to result in a longer term restructuring of the national pay spine.

The uplift to subsequent points places additional pressures on schools as does the attempt to keep all points above the National Living Wage. Rather than being a gradual cost for schools it is now anticipated that there will be a significant immediate cost to many schools from April 2016.

Does this apply to academies?

If an academy elected to continue to mirror the nationally negotiated terms and conditions as amended from time to time and additionally agreed to offer these to new employees, they will most likely be affected by this proposal.

Academies should carefully check the wording of their measures letter and Agreement produced at the time of conversion to establish whether they have elected to continue to mirror the nationally negotiated terms and conditions.

Where an academy has not made such a commitment during the TUPE process then it may seek to apply its own award. It should be noted however that academies in such circumstances would need to engage in consultation with the trade unions/professional associations (for those staff covered by TUPE when the academy was set up) as pay is covered under collective bargaining.

All academies will need to ensure they implement the National Living Wage from April 2016, whether or not the latest pay offer affects them.

What should schools do next?

During a time of considerable financial pressure, schools will need to consider their staffing needs; not all schools will be able to afford their existing staffing structure. This may see a move toward fewer higher paid staff with a broader and/or higher level skill set achieving savings overall or to keep wage levels as low as is reasonably possible in order to maintain as much pupil contact time as possible.

The approach taken to address the financial pressures caused by this pay offer will differ from school to school.

The strategic need of the organisation must be established first, drawing on the school's improvement plan, pupil premium needs, comments from Ofsted in their last inspection etc.

With no additional funding inevitably schools will need to review their structures in line with their strategic needs to ensure everything is operating as efficiently as it can. Schools will then need to focus on what activity is essential and must be supported before looking at desirable or 'nice to have' activity. The focus should be on ensuring essential activity is funded.

By planning for this now we can ensure that the highest skilled workers remain and organisation structures are evolved to shift gradually toward a new way of working. Schools may want to consider moving towards leaner structures containing fewer roles, possibly with the posts remaining being at a higher grade with individuals in those roles taking on more responsibility.

Some working practices of having one TA per class may need to change in the future to something like an intervention based model with TAs being deployed where the significant need happens to be at any given time.

Consideration of outsourcing areas of work such as cleaning may well increase as there will be an increasing impact of those workers being in the Local Government Pension Scheme.

The key action is to ensure staffing projections are accurate within any budgeting software in use in schools. Financial Services for Schools can help advise you in this, if your school buys into the service.

Where it is felt that a school will need to make reductions a recruitment freeze may need be put in place to allow staff turnover to reduce the need to make staffing reductions.

If you need help in thinking through the changes that this pay offer may bring and also the impact of the National Living Wage on your school, please contact the Schools HR Team.

When will the financial planning software be updated?

It is expected that this will be updated by the end of January 2016. Schools should therefore be in a position to start modelling their projected budgets in February/March 2016.

Do I need to issue new contracts to staff?

No, as long as employees remain in the same post on the same terms and conditions they do not need to be issued with a contract amendment.

Do employees need to be told about the change?

It would usually be recommended practice to communicate with all relevant staff once the pay award is finalised so they know what that is and when it is payable from.

Schools may wish to indicate that negotiations are currently ongoing at a national level although a final offer has been made by the National Employers which is based on a 2 year award to be introduced in April 2016.

The Schools HR team and Financial Services for Schools will brief schools as soon as the Trade Union response to the pay offer is known.

Should I amend the job description for posts where the grading has been uplifted?

No, unless you are considering restructuring or significantly changing the scope of those roles. The retention of the pay framework retains a differentiation between levels of work. Previous guidance considered the possibility of a number of grades/spinal column points (SCPs) being deleted. If the new pay offer is accepted, this guidance will no longer apply.

What will happen from April 2018?

At this stage we are only able to make assumptions based on the position set out by the Local Government Association. We can expect that there will be a similar award offered to in future to ensure the pay points remain above the National Living Wage up to 2020. If this approach is taken, this would see SCP 6 being remunerated at £9.35 per hour in 2020.

Do I need to be concerned about the National Living Wage?

As a consequence of the National Employers seeking to cover the National Living Wage through inflating the local government pay scales schools will not typically need to consider the National Living Wage, however, the increased cost to schools as a result of the pay offer will mean that schools will need to continue to review their staffing structure to ensure

it is affordable. As the pay offer will increase staff costs, many schools may need to revise roles and responsibilities or restructure.

Where schools currently or in future choose to pay staff on the National Minimum Wage then the National Living Wage will need to be taken into account for those staff over 25.

What is the National Living Wage?

The National Living Wage is the level of pay calculated to give workers a basic standard of living. The Living Wage Foundation has called for employers to pay at this level for a number of years. April 2016 will be the first time it will be legally enforceable for all employers to pay a 'National Living Wage' defined by the government.

It is the introduction of the National Living Wage that has placed additional costs to maintain the local government pay structure.

What are the minimum hourly rates of pay going to be?

The National Living Wage will be introduced at the rate of £7.20 for those 25 and over from April 2016.

Is this the end of the debate on applying a 'living wage'?

Unfortunately not, as the government's plans and the figures published have been set by the Low Pay commission. The rate of £7.20 set by the Low Pay Commission is in effect a higher National Minimum Wage. In contrast, the Living Wage Foundation has calculated a higher figure (£7.85) to be the true Living Wage, and also highlight that the current National Living Wage in London is already £9.15 reflecting the higher costs of living in the capital.

How is this different to the National Minimum Wage (NMW)?

In reality the NMW will remain for those under 25, and the National Living Wage will affect those 25 and over topping up their salary to the level deemed to give workers the basic living standard.

Why not those under 25?

The government has set out that it sees the period of time up to age 25 as the time workers need the opportunity to train and develop their skills.

When will future increases occur?

At this time we cannot be certain; legal changes tend to occur at two points in the year: October and April. Currently the NMW is inflated annually in October. The National Living Wage is however being introduced in April 2016. It is entirely possible that future increases will take effect in each October along with the NMW.

Will a Fringe allowance help in meeting the National Living Wage?

The fringe allowance would be taken into account when considering whether an employee should be paid above the National Living Wage. On the basis of the current stance taken it is unlikely that this will need to be considered but it may be of interest to note.

The NMW for over 21s increased from £6.50 to £6.70 from October 2015.

The statutory minimum for 18 to 20-year-olds went up from £5.13 to £5.30 in October and from £3.79 to £3.87 for 16 and 17-year-olds. For apprentices, it went up by 57p to £3.30 an hour.

The chancellor has indicated that the plan is to see the National Living Wage increase to £9 per hour by 2020, if we assume that this will increase in equal increments this will see 45p per hour added each year.

Will this not inevitably result in redundancies?

Yes. The Office for Budget Responsibility as reported by the BBC has estimated that it will cost 60,000 jobs and reduce the hours worked by 4 million a week.

Will there be any additional funding to cover or assist schools with the additional costs incurred?

These increases, in the same way the increases to NMW have been applied, are not anticipated to be specifically matched in school funding. That will result in significant affordability issues for non-teaching roles in schools.

What support is available to schools?

Within Herts for Learning the Financial Services for Schools team will be working with schools who buy into the service across the spring term to adjust budget projections to account for the information we now have available to us. This should highlight where schools will be unable to set a balanced budget.

The Herts for Learning, School Business Management Service will also be working with those engaging the service.

The Schools' HR Advisory Team can support with restructuring and staffing reductions, for those schools buying into the service.

Are there other considerations available?

In primary schools, some TAs may have suitable qualifications and expertise to enable them to explore routes into becoming a qualified teacher. As TA salaries are likely to be increased as a result of the pay offer, schools may wish to invest in some of those staff now to develop teaching staff for the future.

This can be done through the use of training and sponsorship agreements that protect the investment made in an employee. The Schools HR Advisory service can advise on this, for

those schools buying into the service. A typical sponsorship and training agreement would see the employer fund training but have a repayment clause for a proportion of the funding, usually on a sliding scale linked to time passed, should the employee leave within 2 years of completing or during study towards the course. This may also need some release time to allow them to complete the course.

If you need further advice or guidance in this area, please contact the Schools HR Team on 01438 844873.

Appendix1

Indicative Local Government Pay Rates based on the Employers final offer to unions

	SCP	2015/16	Hourly rate	2016/17	Hourly rate	2017/18	Hourly rate
HB	6	13,614	7.06	14,514	7.52	15,014	7.78
HA	6	13,614	7.06	14,514	7.52	15,014	7.78
	7	13,715	7.11	14,615	7.58	15,115	7.84
	8	13,871	7.19	14,771	7.66	15,246	7.90
	9	14,075	7.30	14,975	7.76	15,375	7.97
H1	9	14,075	7.30	14,975	7.76	15,375	7.97
	10	14,338	7.43	15,238	7.90	15,613	8.09
	11	15,207	7.88	15,507	8.04	15,807	8.19
	12	15,523	8.05	15,823	8.20	16,123	8.36
H2	11	15,207	7.88	15,507	8.04	15,807	8.19
	12	15,523	8.05	15,823	8.20	16,123	8.36
	13	15,941	8.26	16,191	8.39	16,491	8.55
	14	16,231	8.41	16,481	8.54	16,781	8.70
H3	14	16,231	8.41	16,481	8.54	16,781	8.70
	15	16,572	8.59	16,772	8.69	17,072	8.85
	16	16,969	8.80	17,169	8.90	17,419	9.03
	17	17,372	9.01	17,547	9.10	17,772	9.21
H4	17	17,372	9.01	17,547	9.10	17,772	9.21
	18	17,714	9.18	17,891	9.27	18,070	9.37
	19	18,376	9.53	18,560	9.62	18,745	9.72
	20	19,048	9.87	19,238	9.97	19,431	10.07
H5	20	19,048	9.87	19,238	9.97	19,431	10.07
	21	19,742	10.23	19,939	10.34	20,139	10.44
	22	20,253	10.50	20,456	10.60	20,660	10.71
	23	20,849	10.81	21,057	10.92	21,268	11.03
H6	23	20,849	10.81	21,057	10.92	21,268	11.03
	24	21,530	11.16	21,745	11.27	21,963	11.39
	25	22,212	11.51	22,434	11.63	22,658	11.75
	26	22,937	11.89	23,166	12.01	23,398	12.13
H7	26	22,937	11.89	23,166	12.01	23,398	12.13
	27	23,698	12.29	23,935	12.41	24,174	12.53
	28	24,472	12.69	24,717	12.81	24,964	12.94

	29	25,440	13.19	25,694	13.32	25,951	13.45
H8	29	25,440	13.19	25,694	13.32	25,951	13.45
	30	26,293	13.63	26,556	13.77	26,821	13.90
	31	27,123	14.06	27,394	14.20	27,668	14.34
	32	27,924	14.48	28,203	14.62	28,485	14.77
H9	34	29,558	15.32	29,854	15.48	30,152	15.63
	35	30,178	15.64	30,480	15.80	30,785	15.96
	36	30,978	16.06	31,288	16.22	31,601	16.38
	37	31,846	16.51	32,164	16.67	32,486	16.84
M1	38	32,778	16.99	33,106	17.16	33,437	17.33
	39	33,857	17.55	34,196	17.73	34,538	17.90
	40	34,746	18.01	35,093	18.19	35,444	18.37
	41	35,662	18.49	36,019	18.67	36,379	18.86
	42	36,571	18.96	36,937	19.15		
M2	43	37,483	19.43	37,858	19.63	38,236	19.82
	44	38,405	19.91	38,789	20.11	39,177	20.31
	45	39,267	20.36	39,660	20.56	40,056	20.77
	46	40,217	20.85	40,619	21.06	41,025	21.27
M3	46	40,217	20.85	40,619	21.06	41,025	21.27
	47	41,140	21.33	41,551	21.54	41,967	21.76
	48	42,053	21.80	42,474	22.02	42,898	22.24
	49	42,957	22.27	43,387	22.49	43,820	22.72
M4	49	42,957	22.27	43,387	22.49	43,820	22.72
	50	43,875	22.74	44,314	22.97	44,757	23.20
	51	44,795	23.22	45,243	23.45	45,695	23.69
	52	45,727	23.71	46,184	23.94	46,646	24.18
M5	52	45,727	23.71	46,184	23.94	46,646	24.18
	53	46,681	24.20	47,148	24.44	47,619	24.69
	54	47,646	24.70	48,122	24.95	48,604	25.20
	55	48,641	25.22	49,127	25.47	49,619	25.72

National Living Wage

Estimated value

2016/17	£7.20
2017/18	£7.65
2018/19	£8.10
2019/20	£8.55
2020/21	£9.00