*The text below has been produced in response to requests for a template to issue to staff. Schools may wish to adapt this to remove any elements not applicable to their own staffing profile. The first half of the letter could be removed for teachers for example.*

Dear colleague

I am writing to you to update you on the latest developments regarding the local government pay award, the implications for the living wage and the changes to national insurance contributions that will affect all employees at the school.

On 9 December 2015 the National Employers made a final two-year pay offer to the Trade Union side covering 2016-18. The three unions, GMB, UNISON and Unite, are consulting their members on the pay offer with UNISON and Unite recommending that it be rejected. The National Employers side have reiterated in the strongest terms that the offer is final and at the limit of affordability. UNISON members have voted to reject the offer, the closing date for Unite was late February and GMB mid-march so results are not yet known.

The consequence of the timing of the consultation with members will mean that it will not be possible for the pay offer to be finalised in time for April. As soon as agreement is reached the relevant award will be applied and backdated accordingly.

Additionally it is appropriate to consider that on 1 April the National Living Wage will be introduced at a rate of £7.20 per hour which means that the current bottom three pay points on the ‘Green Book’ pay spine will be below that statutory minimum level. The current hourly rate of SCP6 is £7.06 (£13,614); SCP7 is £7.11 (£13,715) and SCP8 is £7.19 (£13,871). Staff may be more familiar with these as the HB scale and first 3 points of the HA scale.

Staff affected will therefore have their salary adjusted as an interim measure to ensure compliance with the National Living Wage. Employees paid on the minimum wage who are under age 25 or are an apprentice have different entitlements. The National Living Wage will not apply.

All employees need to be aware that there will be a change to National Insurance Contributions from 06 April 2016. This is due to changes introduced under the Pensions Act 2014 which end contracting-out (of the additional State Pension) and the National Insurance rebate of 1.4%. Employees currently receive a rebate on the National Insurance contributions paid on any earnings between £5,824 and £40,040 per year (unless you are already over State Pension age or are one of the few members still paying the married woman's or widow's reduced rate of National Insurance).

Below are some examples showing how much extra National Insurance contributions will be payable from 6 April 2016.

|  |  |  |  |
| --- | --- | --- | --- |
| **Earnings**  | **National Insurance payable currently**  | **National Insurance payable from 6 April 2016**  | **Difference**  |
| £15,000 per year (£1,250 per month)  | £58.66 per month  | £69.36 per month  | £10.70 per month  |
| £27,000 per year (£2,250 per month)  | £164.66 per month  | £189.36 per month  | £24.70 per month  |
| £45,000 per year (£3,750 per month)  | £307.65 per month  | £352.76 per month  | £45.11 per month  |

Employees will therefore experience a drop in their monthly earnings from April as a consequence. You are encouraged to compare payslips issued prior to April against those issued afterwards when checking if pay is correct. The reason for any decrease should show in the deductions section.

As the change is to be introduced from 06 April 2016 there will be a slight difference between deductions made in April and May with the latter being the first full month on the new rates.

Yours sincerely