

**TO: EMPLOYMENT COMMITTEE
18 JULY 2018**

**ANNUAL REVIEW OF BRACKNELL FOREST SUPPLEMENT
(Director of Resources – Human Resources)**

1 PURPOSE OF REPORT

- 1.1 In accordance with the decision taken by the Employment Committee in its report of 14 February 2014, this report addresses the fourth annual reassessment of the Bracknell Forest Supplement which would take effect from 1 April 2018 – the decision had been delayed until confirmation of the 2018 NJC pay award, so any change will be backdated. The report considers the Living Wage Foundation’s suggestion for a voluntary Real Living Wage, and the current pay offer for employees covered by the NJC for Local Government. Due to the national action on low pay the report concludes that the Bracknell Forest Supplement is now largely irrelevant. The report therefore suggests discontinuing the local supplement payments. Casual workers and apprentices are outside the scope of the Bracknell Forest Supplement.

2 RECOMMENDATIONS

That the Employment Committee:

- 2.1 **Discontinue the Bracknell Forest Supplement with immediate effect, given that national measures mean the lowest NJC pay scale point is now higher than the Real living wage, making BF Supplement irrelevant.**

3 REASONS FOR RECOMMENDATIONS

- 3.1 Since the Bracknell Forest Supplement was initially introduced to help those on low pay levels, both statutory National Minimum Wage levels and NJC spinal column points have risen significantly at the lower paid end of the pay spectrum. With more increases in National Minimum Wage, this seems an appropriate time to discontinue the supplement.

4 ALTERNATIVE OPTIONS CONSIDERED

- 4.1 Formally increase the Supplement level to £8.75 per hour from 1 April 2018, to match the recommended Real Living Wage Foundation, although it would not apply to any employees and we wait to see if the recommended Living Wage Foundation amount for 2019 exceeds the 2019 NJC pay rates, or not.

5 SUPPORTING INFORMATION

Bracknell Forest Supplement

- 5.1 When the Bracknell Forest Supplement (BFS) was introduced in April 2014 it was agreed that there would not be a contractual or policy commitment to use the “Real Living Wage” figure, but that it would be taken into account alongside issues such as the

level of the national pay settlement and local affordability, when setting the level of Supplement each year.

It is important to highlight that the BFS was using the voluntary “Real Living Wage” as a comparator which is voluntary, rather the mandatory National Living Wage which applies to staff over the age of 25 and set by the Government. (National Minimum wage applies to under 25s.) The Real Living wage rates are higher than the National Living Wage rate as they are calculated based on what employees and their families need to live.

5.2 The “Real Living Wage” (voluntary) is updated nationally during November, based on recommendations from the Living Wage Foundation and the recommendation now stands at £8.75 outside London, which is an increase of 30p per hour from last year.

5.3 The NJC for Local Government Services pay award 2018 has now been agreed. The award is bottom loaded to close the gap with the national living wage and results in a new bottom rate of £8.81 per hour on SCP 6. The table below shows the hourly rates:

Year	NJC	National Minimum/ Living wage	Real Living wage (outside London)	Bracknell Forest Supplement
2014	£6.36 + £0.29 = £6.65	£6.50	£7.65	£7.65
2015	No award	£6.70	£7.85	£7.85
2016	No award	£7.20	£8.25	£8.25
2017	£7.78 + £.030 = £8.08	£7.50	£8.45	£8.45
2018	£8.50 + £0.31 = £8.81	£7.83	£8.75	To cease
2019	£9.00 + £0.32 = £9.32	To be agreed	If using 2.5% increase, £8.96	To cease

5.4 As the NJC hourly rate of £8.81 is now higher than the Real Living wage hourly rate of £8.75, for those on NJC rates, there is no current need for a Bracknell Forest Supplement because of national increases to pay rates.

5.5 The 2018 pay award was a 2 year deal. In year two, ie from April 2019, the NJC hourly bottom rate will be £9.32 per hour. Whether BF Supplement would be required in 2019-20 would depend on the Living Wage Foundation’s recommendation for that year. The historic increases range from 2.5% to 5% increase. Whilst we cannot predict the recommended rate for 2019/2020, using the lowest historic percentage increase of 2.5%, the hourly rate could be £8.96, meaning the NJC hourly rate would remain higher than the Real Living Wage and therefore BF supplement remains unnecessary.

- 5.6 Those employees and casual workers not on NJC spinal column points are covered by the statutory National Living Wage. For casuals and apprentices there is no entitlement to Bracknell Forest Supplement; so the only staff who would still be able to benefit from an increase to the BF Supplement level would be any on local conditions whose pay is at a lower hourly rate. The majority of the permanent staff not on national pay scales were in the Leisure operations and are no longer on Bracknell's payroll. There are currently no employees receiving BF Supplement.
- 5.7 Payment of Bracknell Forest Supplement involves making annual decisions on the supplement level, identifying affected staff, issuing notifications to any affected staff, annual interventions by Payroll staff to adjust payments, and complicates backdated payments and overtime payments for affected employees. Members are asked to consider that it is a cumbersome mechanism now that national developments have made it largely irrelevant – its original purpose, to supplement the income of staff on low pay, has been overtaken by national events and it is no longer of great relevance in Bracknell Forest.

6 ADVICE RECEIVED FROM STATUTORY AND OTHER OFFICERS

Borough Solicitor

- 6.1 There are no specific legal implications arising from the recommendations in this report.

Borough Treasurer

- 6.2 To follow.

Equalities Impact Assessment

- 6.3 The Bracknell Forest Supplement assists those in lower socio-economic groupings; however changes at a national level mean that less and less employees are relying on the Bracknell Forest Supplement amounts to any significant degree.

Strategic Risk Management Issues

- 6.4 None.

7 CONSULTATION

Principal Groups Consulted

- 7.1 This will be subject to discussion at the Local Joint Committee.

Method of Consultation

7.2 By report.

Representations Received

7.3 To be advised.

Background Papers

None

Contact for further information

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