

ITEM No ...13.....

DUNDEE CITY COUNCIL

REPORT TO: POLICY AND RESOURCES COMMITTEE – 9 NOVEMBER 2015

**REPORT ON: IMPACT OF ABOLITION OF NATIONAL INSURANCE
CONTRACTED OUT RATES ON EMPLOYEES**

REPORT BY: EXECUTIVE DIRECTOR OF CORPORATE SERVICES

REPORT NO: 418-2015

1.0 PURPOSE OF REPORT

1.1 To inform Committee of the particular impact of the UK Government decision to abolish National Insurance contracted out rates for employees.

2.0 RECOMMENDATIONS

2.1 The Committee are asked to note the significant impact that this change will have on City Council individual employees.

3.0 FINANCIAL IMPLICATIONS

3.1 The estimated cost of this change will be £4million per annum for the City Council as an employer from 2016/17 onwards.

3.2 The calculation of the cost to the Council of reimbursing employees to fully cover their loss is an iterative process and is affected by each individual's circumstances. However it is estimated that would cost a minimum of a further £3.5 million per annum.

4.0 BACKGROUND

4.1 A full report explaining the nature of changes effective from April 2016 was considered by Committee on 14 September 2015 (Report No 247-2015).

4.2 It was estimated that this would affect the City Council as an employer by £4m per annum and also reduce the take-home pay of employees by £1.6m per annum.

4.3 The Committee requested that a further report be prepared showing the impact on individuals within the Council's wage banding scales.

4.4 The Committee also requested an indication of the finance required to mitigate the effect on individual earnings within these bandings. This is a complex iterative calculation so a few reference points have been chosen and they are shown in Appendix 1.

5.0 POLICY IMPLICATIONS

5.1 This Report has been screened for any policy implications in respect of sustainability, strategic environment assessment, equality impact assessment, privacy impact assessment and risk management. There are no major policy issues.

However the impact of £1.6 million being removed from the local economy will have a clear detrimental impact on the anti-poverty strategies are being pursued.

6.0 **CONSULTATIONS**

The Chief Executive and Head of Democratic and Legal Services were consulted in the preparation of this report.

7.0 **BACKGROUND PAPERS**

None

Marjory M Stewart
Executive Director of Corporate Services

DATE: 26 October 2015

APPENDIX 1

PAY GRADE	SCP	CURRENT SALARY	NET LOSS PER EMPLOYEE	GROSS COST FOR EMPLOYER
GRADE 3	016	£15,376.41	£134.81	£378.52
GRADE 6	034	£20,161.04	£200.71	£428.98
GRADE 8	051	£25,958.19	£282.01	£504.69
GRADE 9/10	062	£30,540.59	£346.03	£731.82

