

COUNCIL PAY & GRADING REVIEW FINAL PROPOSALS

EXECUTIVE MEMBER: Cllrs N Williams/J Bowman
LEAD OFFICER: Len Gleed, Human Resources Manager
REPORT AUTHOR: Len Gleed, HR Manager/Sheena Mounsey, HR Adviser

Summary

To present the proposed package of changes to employees' terms and conditions of employment, following completion of the Council's Pay and Grading Review, and incorporating remaining harmonisation proposals to achieve Single Status for employees employed under the National Agreement of the National Joint Council (NJC) for Local Government Services.

Recommendation:

That Executive Members note the proposals, and recommend them to Council for formal agreement with the Trades Unions and the workforce.

1. INTRODUCTION

- 1.1 In March 2006, the Executive agreed to progress towards the development of a Pay and Workforce Strategy for the Council. This decision was a local response to the national Pay and Workforce Strategy (PWS), a Government initiative supported by the Local Government Association and the Employers' Organisation. The national PWS was signed to provide a framework for delivering improved services, greater efficiency, and better customer focus. All three objectives are key priorities for Copeland Borough Council.
- 1.2 Among the 5 key priorities of the national PWS was the development of appropriate arrangements for pay and rewards (including Job Evaluation, Equal Pay, and Single Status)
- 1.3 Separately, the Implementation Agreement attached to the 2004 3-year national pay deal, stated that "Local Pay Reviews must be completed and implemented by all authorities by 31 March 2007". This was largely a result of what was perceived by the Trades Unions to be slow progress nationally towards the achievement of Single Status and the local reviews of grading structures which had been a key feature of the 1997 NJC Agreement (known as the "Green Book") which had, for the first time, brought together the terms and conditions of former manual workers and former Administrative, Professional, Technical and Clerical (APT&C) staff.

2. PROJECT FRAMEWORK

2.1. Members of Full Council were updated with the progress of the project at an open meeting on 9 September 2008, and have received regular updates via the pay and grading newsletters. The presentation at that meeting set out the purpose, features and design objectives of the project, as follows:

2.2 Purpose

- To complete implementation of the 1997 Single Status Agreement (harmonising hours of work, sick pay etc.; eliminating residual bonus)
- To complete a Local Pay Review required by 2004 National Pay Agreement

2.3 Features

- Open and transparent approach with Joint Management/Trades Union Steering Group
- More than 200 jobs evaluated by interview with jobholder and manager
- New proposed rational and simplified Pay Structure developed
- Ongoing communication to all throughout the project
- Appropriate funded jobs **included** as part of the process to avoid pay and grading discrimination (Please note: the **costs of funded roles are not included** in the financial impact of the process in Section 8 of this report.)
- Corporate Team roles **excluded** because they operate to a different set of terms and conditions.

2.4 Pay Structure Design Objectives

- To correctly reflect the output of the job evaluation exercise
- To be able to withstand an equality impact assessment
- To be robust enough to support recruitment and retention issues
- To work within the budget available

2.5 Single Status Objectives

- Elimination of residual bonus scheme payments
- Elimination of standard working week anomaly (Currently 50:50 split between 37 and 35 hours 25 minutes)
- Giving progression opportunities to all jobs

- Harmonisation of sick pay and overtime payments

3. JOB EVALUATION PROCESS

3.1 The Job Evaluation process which forms the basis of the Pay & Grading Review has involved the following stages:

- Assigning “value” to jobs based on 13 NJC Scheme Factors – Knowledge; Mental skills; Interpersonal skills; Physical skills; Initiative & Independence; Physical Demands; Mental Demands; Emotional Demands; Responsibility for People; Responsibility for Supervision; Responsibility for Financial Resources; Responsibility for Physical Resources; Working Conditions
- Evaluating every job by interview with job holder and manager, using the NJC “Gauge” Software. Where the same job was filled by a number of employees, representatives from the job holder group were used to conduct the interview.
- Initial results “moderated” by Heads of Service and reviewed by joint Steering Group, to ensure corporate consistency
- Oversight by a Joint Management/Union Steering Group
- Pay modelling (lining the JE ranking list up against the national salary Spinal Column Points and drawing grade lines)
- Individual notification to employees through their line manager
- Use of a jointly developed Appeals Process

3.2 The output from the job evaluation process is a Ranking List of all jobs, according to the evaluation scores achieved.
It is against this ranking list that the proposed grading structure has been developed.

4. PROPOSED PAY STRUCTURE

4.1 The proposed new pay structure (attached as Appendix 1) is a very much simplified structure with 12 grades and a clear rationale (compared with the current 55 grades). The other key characteristics of the proposed structure are:

- Runs from Spinal Column Point 5 to Spinal Column Point 47
- 2 progression steps from minimum to maximum in grades 1 to 4
- 4 progression steps from minimum to maximum in grades 5 to 12
- Consolidates residual bonus into basic pay
- 191 “Greens” (Employees who benefit from an immediate improvement in grade and pay)
- 165 “Whites” (Employees whose job’s current grade sits within their new grade, but where there may be extra “headroom” – progression steps beyond the current salary maximum)
- 14 “Reds” (Employees whose job’s place in the ranking list positions them in a grade with a lower salary range than their current grade, and who will be eligible for salary protection)
- 7 “Market Factor Supplement Reds” (Employees whose job’s place in the ranking list positions them in a grade with a lower salary range than their current grade, but where

- Includes proposed Pay Protection under which the employees who are in the “Reds” category would have their current salary “frozen” and maintained for 3 years, in line with past Council practice.

4.2 The proposed structure has a number of features which are important in ensuring the fairness and integrity of the structure. These include:

- Grade points ranges are logical in relation to scores and grade length
- All grades have progression
- No overlapping grades

5. SINGLE STATUS HARMONISATION

5.1 In addition to the changes which will be brought about by the introduction of the new grading structure, the Pay and Grading Review package will also include the following final steps towards Single Status:

- A 37 hour standard working week for all employees (The national standard)
- Harmonisation of sick pay arrangements (currently some former manual workers have limitations on sick pay as a result of TUPE transfers into the organisation)
- Universal application of National Agreement overtime payment conditions, where applicable
- A revised Annual Leave policy which removes the former grade-related entitlement (attached as Appendix 2) with an understanding that the annual leave entitlement will be reviewed within 3 years from the date of final agreement.

6. CURRENT EMPLOYEE RELATIONS SITUATION

6.1 The negotiations in relation to the Pay and Grading Review proposals have been conducted in an open and positive atmosphere. The Regional Full-time officials of Unison, the GMB and Unite have been closely involved throughout in support of Copeland’s representatives. They have consistently spoken positively about the open and transparent way in which the whole project has been managed, and the positive impact of the widespread communication programme which has supported it.

6.2 Both sides have recognised that during the course of the project and the negotiations there has been a huge change in the external environment, brought about by the “credit crunch” and world-wide financial turmoil. Both sides also acknowledge the pressures this is likely to bring about on the public finances and on local government in particular.

6.3 The proposals set out in this report were put to the Trades Unions at a meeting of the Single Table Negotiating Group on 3 April 2009. At the conclusion of the meeting, the

Union side stated that it was their view that the proposals “represented the best package which could be achieved through negotiation in the current financial climate”. Since the complexities of some recent Equal Pay litigation outcomes have meant that the Trades Unions are currently wary of specifically recommending Pay and Grading settlement deals to their members, the endorsement described above appears to be as positive an outcome to the negotiations as could be expected.

7. IMPACT ON CORPORATE PLAN

7.1 Whilst the successful implementation of the proposed changes to employees’ terms and conditions of employment does not directly impact on the Corporate Plan as such, the important corporate benefits of concluding the project should not be underestimated. The Council will have achieved several key organisational benefits:

- A completed Local Pay Review, giving a defensible pay and reward framework, involving Job Evaluation to objectively decide relative job size.
- A jointly agreed approach to job grading which can be used into the future.
- Elimination of historical bonus schemes which were potentially discriminatory, and questionable under Equal Pay legislation.
- An Equality Impact Assessment to ensure that there are no pay gaps due to gender or other discriminatory elements.
- A concluded Single Status Agreement to harmonise conditions and redress historical anomalies.
- A significant capacity increase brought about by the introduction of the 37 hour week for those employees previously having a 35 hour 25 minute contractual working week.
- A simplified grading structure which is robust enough to support recruitment and retention issues.

7.2 An independent Reward expert is currently carrying out an Equalities Impact Assessment in relation to the proposals, in order to ensure that they are acceptable from an Equal Pay point of view. The outcome of this process will be shared with the Trades Unions in order to assist their independent assessment, and speed up the process.

8. FINANCIAL IMPLICATIONS (INCLUDING SOURCES OF FINANCE)

8.1 Market intelligence from similar reviews elsewhere in England suggests that the typical implementation costs of this type of pay and grading review are between 2.50% and 5.00% of Councils pay bills.

8.2 The grading proposals set out in this report will add 4.04% to the Council’s pay bill (approximately £322,000). This includes the financial impact on current vacancies and those that have been ‘frozen’ as a result of vacancy management. The holiday entitlement harmonisation proposals will add approximate costs of a further £32,000. Protection costs, for those whose jobs have been down-graded, amount to an additional £15,000 per annum. The award of a market factor supplement to avoid potential retention difficulties in key skill areas will add another £16,000 to the annual salary bill.

These figures **exclude the financial impact on funded roles** within the organisation.

- 8.3 The Council's 3 year medium term financial strategy incorporated a potential uplift of £450,000 in the pay bill, starting in financial year 2008/9, so that budgetary provision has already been made to finance the proposed package until March 2011.
- 8.4 The final package presented to the Unions is based on back-dating the revised structure to 1 April 2008, and paying arrears of basic pay only, where appropriate, from that date (as already budgeted for). The package is also based on incremental progression within the new structure not starting until 1 April 2010.
- 8.5 During the life of the current medium term financial strategy, work is already underway on the Workforce Planning which will be required to ensure that the Council has a sustainable cost base, including its workforce, into the future beyond 2011.

9. FINAL STAGES OF PROJECT

- 9.1 The proposals set out in this report now need Council approval to be formally put nationally to the Trades Unions who will undertake their own Equalities Audit of the package. Under the Council's collective bargaining arrangements, the Unions will then put the package to their members in a ballot.

An implication of recent case law together with a known back log of outstanding audits has slowed down the Trades Unions response process, which unfortunately is outside of the Council's control.

- 9.2 Assuming a successful ballot outcome, all employees will then be bound by the new arrangements, and their contracts of employment varied accordingly. If the ballot result rejects the offered package, the Council will have to consider its position.
- 9.3 The timing for completion of the project remains difficult to determine because of these final stages. Every effort will continue to be made to accelerate progress wherever possible.

10. RECOMMENDATION

- 10.1 The project having achieved the objectives set out in paragraph 2.2 above, the Executive is asked to note the proposals set out in this report, and invite Full Council to approve them for final presentation to the workforce and implementation.

List of Appendices

Appendix 1 Proposed New Pay Structure

Appendix 2 Proposed Revised Annual Leave Policy

List of Background Documents:

National Pay & Workforce Strategy

Circular NJC 404 Re Payscale 2004-5 Annex 2

CBC Market Factor Supplement Policy

List of Consultees:

Acting Chief Executive

Corporate Team

Councillor Elaine Woodburn

Councillor J Bowman

Councillor N Williams

CHECKLIST FOR DEALING WITH KEY ISSUES

Please confirm against the issue if the key issues below have been addressed. This can be by either a short narrative or quoting the paragraph number in the report in which it has been covered.

Impact on Crime and Disorder	None
Impact on Sustainability	None
Impact on Rural Proofing	None
Health and Safety Implications	None
Impact on Equality and Diversity Issues	These proposals are designed to create a pay and grading structure which meets all equalities requirements
Children and Young Persons Implications	Not applicable
Human Rights Act Implications	None
Monitoring Officer comments	Proposals can only be recommended by Executive to Council if Executive are minded to so recommend.
S. 151 Officer comments	

Is this a Key Decision? YES

**Proposed Pay and Grading Structure Copeland Borough Council February 09
(presented at final 08/09 prices)**

Grade	Point	Annual Salary	JE Points range	Current grading
				Scale 1
1	5	12160	to 240	
	6	12334		
	7	12629		
2	7	12629	241-265	
	8	13027		
	9	13421		
3	9	13421	266-295	
	10	13703		
	11	14587		
4	11	14587	296-325	Scale 2
	12	14891		
	13	15291		
5	13	15291	326-355	
	14	15570		Scale 3
	15	15895		
	16	16278		
	17	16663		
6	17	16663	356-390	
	18	16991		Scale 4
	19	17626		
	20	18270		
	21	18937		
7	21	18937	391-425	
	22	19427		Scale 5
	23	19998		
	24	20652		
	25	21306		
8	25	21306	426-460	
	26	22001		Scale 6
	27	22730		
	28	23473		
	29	24402		
9	30	25220	461-520	SO1
	31	26016		
	32	26784		SO2
	33	27573		
	34	28353		
10	35	28947	521-580	PO 35
	36	29714		PO 36
	37	30546		PO 37
	38	31439		PO 38
	39	32475		PO 39
11	39	32475	581-640	
	40	33328		PO40
	41	34207		PO41
	42	35079		PO42
	43	35953		PO43
12	43	35953	640 plus	
	44	36838		PO44
	45	37665		PO45
	46	38575		PO46

**Proposed Pay and Grading Structure Copeland Borough Council February 09
(presented at final 08/09 prices)**

	47	39460		PO47

Pay and Grading Review

MANAGEMENT PROPOSALS

Subject	Management Proposal						
Annual Leave	<p>Removal of grade related allowances</p> <p>Improved annual leave entitlement (excluding Public Holidays) as follows which includes consolidation of 2 Extra-Statutory Days and 1 "Grace & Favour" Day currently taken to cover Xmas close-down :</p> <table data-bbox="523 595 997 707"><tr><td>0-4 years service</td><td>24 days</td></tr><tr><td>5-9 years service</td><td>28 days</td></tr><tr><td>> 10 years</td><td>30 days</td></tr></table> <p>Those currently with a higher annual leave entitlement to have their entitlement protected for 3 years unless appointed to a different role on a higher grade.</p>	0-4 years service	24 days	5-9 years service	28 days	> 10 years	30 days
0-4 years service	24 days						
5-9 years service	28 days						
> 10 years	30 days						