

Meeting	Overview and Scrutiny Cabinet	Subject	Joint Local Pay and Grading Review update.
Date	10th September 2007 18th September 2007	Author	Joint Strategic Head of Human Resources - Worthing Borough Council

1.0 Summary

- 1.1 Further to the completion of the job evaluation element of the Joint Local Pay and Grading Review (JLPGR), a set of principles for a joint pay structure is now available for formal consultation with Unison Head Office and is set out in this report.

2.0 Background

- 2.1 A report to SEMs on 18 July 2005 detailed the requirement for all councils to undertake, complete and implement Local Pay and Grading Reviews by 31 March 2007, in time for the 1 April 2007 pay settlement date. This was a condition of the 3 year national pay agreement reached in April 2004. An Employers Organisation survey of 180 councils in autumn 2004 revealed that just 32% had completed local pay reviews. Cost was the main barrier to successful pay and grading reviews, with 85% of councils identifying pay bill costs and 55% citing implementation costs as the main problems. A year later almost two-thirds of local authorities still had not got it "off the blocks", such is the challenge it is seen to present.
- 2.2 It was agreed to undertake such a Local Pay and Grading Review jointly for both Councils, with the full involvement of the recognised Trade Unions - in this case, UNISON.
- 2.3 At SEMs on 30th November 2005, Members agreed with the officer recommendation to use the Greater London Provincial Council Job Evaluation Scheme (GLPC), for the reasons detailed in the 18 July 2005 report.
- 2.4 All posts up to and including Assistant Director and Divisional Manager level have been included in the review using the GLPC job evaluation scheme. However, the new joint Executive Heads of Service posts will not be evaluated using the GLPC. As agreed by the Joint Staff Committee on 7th August 2007, a methodology will be agreed with the Joint Staff Committee and a consultant from Local Government Employers (LGE).

3.0 Staff Consultation

- 3.1 Unison, as the formally recognised negotiating body, has been fully involved in the pay and grading process as follows:
- Membership from Branches at both Councils on the Joint Local Pay and Grading Review (JLPGR) Working Group.
 - Membership from Branches at both Councils on the GLPC Job Evaluation Panels.
 - Membership from Branches at both Councils on the Job Evaluation Moderation Panel.
 - Membership from Branches at both Councils, as well as the regional representative, on the group considering HR policies relating to JLPGR.
 - Membership from Branches at both Councils, as well as the regional representative, on the group considering changes to additional payments and allowances.
 - Ongoing full and meaningful consultation with Branches at both Councils and with the regional representative with regards to the pay structure and the treatment of allowances and additional payments.
- 3.2 Unison has also been fully involved in supporting the JLPGR Working Group to effectively disseminate JLPGR information and updates to staff and they have also been present at staff briefings.
- 3.3 Various staff briefings have been held throughout the process at both Councils. The briefings have been delivered personally by the JSHHR who has ensured that outposts have also been covered. Attendance at individual staff team meetings has also taken place in departments where staff have been unable to attend formal briefings due to work timetables.
- 3.4 At the commencement of the project, JLPGR booklets were sent to staff at both Councils, explaining the principles of the JLPGR and providing support with understanding job evaluation.
- 3.5 Ongoing communication has continued to be provided to staff at both Councils by the provision of a dedicated internal intranet page for JLPGR. This page holds details of information updates, policies and timetables. Communication and updates have also been ongoing via Staff on Line at Worthing and the E-Brief at Adur. Managers have been asked to set up hard copy JLPGR files at outposts and for staff with no access to PC's.
- 3.6 Several joint Managers' briefings have been held to ensure that managers are fully up to date with the progress of the project. The purpose of these updates is to provide managers with the information they require to support their staff through the processes.
- 3.7 All staff have been invited to provide written, e-mailed or verbal feedback throughout the JLPGR project. Feedback forms have been available for download on the intranet site and have also been included in the staff information booklets.

- 3.8 Unison has been fully consulted on the contents of this report and their comments are attached at Annex 2.

To be confirmed, awaiting feedback

- 3.9 Formal consultation on the specific pay structure design and the treatment of allowances is still ongoing. Once Members have agreed the principles of implementation as outlined in this report, the aim will be to agree a pay structure, treatment of allowances and pay protection at local and regional level prior to a formal report being sent to Unison Head Office for comment. The final design of this pay structure including consideration of allowances and market pay is likely to take another 4-6 weeks.
- 3.10 It is as yet unknown how long the formal consultation with Unison will take, although anecdotal evidence from other authorities suggests that it could take upwards of 8 weeks to receive a response from Head Office. Consequently, once a pay scale is agreed it will take approximately 4-8 weeks to load in the new pay details, deal with the implications of pay protection and calculate the back pay element. It is therefore recommended that the implementation date of October 2007 be changed to February 2008 (but still backdated to 1 April 2007) to allow for a full and meaningful consultation, and the practical considerations of implementing the new agreed pay structures.

4.0 The Job Evaluation Process

- 4.1 As the GLPC scheme has not previously been used at either Council all participants in the exercise were fully trained before undertaking job analysis or sitting on grading panels. An external consultant was also used, as recommended by the Association of London Government. Job Evaluation Panels were made up of 3 panel members representing HR, Management and Unison. The panels were made up of mixed representatives from both Adur and Worthing as agreed with Unison and sessions took place at both authorities.
- 4.2 Local conventions (explanations) for the scheme were agreed by the JLPGR Working Group. A job description template and a supplementary evidence questionnaire were also agreed. Further to this, workshops were set up to provide staff with support as to how the job descriptions and evidence should be completed. A managers' brief was also held to advise managers on the process. In addition, comprehensive guidance notes were published in the Staff Information Booklet and were published on the intranet. A timetable for receiving documents was agreed with the Joint Chief Officers group. This timetable did slip but the project was extremely labour intensive for both staff and managers. A new job description and supplementary evidence had to be drafted for every post and line managers, Section Heads and post holders were then asked to sign these documents to ensure that the information submitted for evaluation was correct.
- 4.3 Further to the job evaluation of all posts being completed by the panels, a thorough moderation of posts was then undertaken by the internal moderation panel who had ongoing feedback from the job evaluation consultants, Tribal Resourcing. The moderation panel was made up of the JSHHR, one Unison representative each from Adur and Worthing and one external consultant.

Outcomes were reviewed as rank score orders which were listed by department, by authority and also on a factor by factor basis. This was an intense piece of work and took slightly longer than expected, however, it was felt to be an extremely important part of the process and the panel wanted to ensure that a thorough and fair process was followed. The final rank order was agreed by the moderation panel and by the consultants prior to the scores being uploaded into the pay modelling software.

- 4.4 The trained panel members will be retained, with those who are interested taking part in future job evaluations as required. A policy for future job evaluations has already been agreed by Officers and by the JLPGR Working Group.

5.0 Pay Modelling

- 5.1 A pay structure suitable for use by both authorities now has to be agreed, using the job evaluation ranked scores to assess the financial implications. Consultation with Unison locally and with the regional representative is currently underway.

- 5.2 This report provides some initial indicative pay modelling results and assessment of the extent of 'turbulence' (number of employees requiring pay increases or pay protection) and its impact on staff.

- 5.3 The results are based on a combined pay structure covering both Councils and show the effects of two "extremes" - a broad grade structure and a more traditional narrow grade structure.

- 5.4 The main employee implications are:

- Numbers of staff receiving a pay increase
- Numbers of staff requiring pay protection

- 5.5 The cost implications that will need to be considered are:

- Immediate (year 1)
- Medium term (years 3,4)
- Longer term (year 8)

- 5.6 Assumptions made within the pay modelling are as follows:

- The actual implementation date is yet to be confirmed but payment will be backdated to 1st April 2007 as already agreed with Unison.
- Modelling is based on current pay rates, inclusive of employer pension and NI on costs.
- There will be assimilation of outcomes to the corresponding spinal column point (SCP) or minimum of the new grade at the implementation date.
- There will continue to be annual incremental progression within grades.
- Pay protection will apply.
- There will be a single implementation date.
- No allowances are made for additional premium rate costs (i.e., overtime) or for turnover.

5.7 Other issues for consideration have been:

- Job evaluation points to grade relationships, i.e., the span of job evaluation points per grade.
- The number and breadth of grades, i.e., the range of SCPs and scope for progression.
- The extent of any overlaps between grades (where applicable)
- The number and percentage of employees receiving an immediate pay increase and the number requiring pay protection

5.8 The features of the two main options, a narrow grade option and a broad grade option, can be summarised as follows:

5.8.1 Narrow grade option – features

- Narrow span of JE points per grade
- Narrow range of SCPs and pay per grade
- Small differences in JE scores can result in grade differences
- Greater movement up or down the pay ladder
- More conducive to time-based pay progression (apart from grade 1)
- Higher numbers of staff requiring pay increases (44%) and pay protection (24%).
- Higher initial cost
- Lower future cost following removal of pay protection and the limited scope for further pay progression
- More “traditional” local government grading structure

5.8.2 Broad grade option – features

- Wider span of JE points per grade
- Wider range of SCPs and pay per grade
- Small differences in JE scores less likely to result in grade differences
- Less movement up or down the pay ladder
- Greater erosion of differentials and overlaps in pay ranges
- More conducive to contribution or performance based pay progression
- Lower numbers of staff requiring pay increases (27%) and pay protection (13%).
- Lower initial cost
- Less impact on cost through removal of pay protection
- Higher future cost unless controls on salary placement and/or pay progression (plus potential discrimination implications if the appropriate salary bars are not put in place to limit number of increments)
- More significant change from existing grading structures with progression through the grade dependent on robust performance management processes being in place.

5.9 Before the pay modelling began, Officers agreed with Unison that the initial modelling would be based on 100% pay protection over 3 years. It was agreed that if this method of protection proved to be unaffordable, alternative methods would have to be considered.

5.10 Officers are currently in further consultation with Unison to agree the final design of the joint pay structure and appropriate terms for pay protection. The

final design will then need to be agreed by Members and by Unison Head Office before it can be implemented.

- 5.11 An objective equality audit of allowances and additional payments has been carried out by an independent consultant. Both Councils were found to be at 'low risk' of challenge although various recommendations were made in terms of policies and procedures.
- 5.12 A thorough comparison of Worthing and Adur Human Resources policies and procedures was undertaken. Although there were some minor differences, they were largely common in approach.
- 5.13 Officers are currently working with Unison to agree common formats for Human Resources policies and procedures for Worthing and Adur. Recommendations from the equality audit have been taken into account in this review. The aim is to have a final set of common Human Resources policies and procedures in place before the joint senior officer structure is operative. Formal consultation with Unison is therefore ongoing.
- 5.14 Officers are currently working with Unison to agree changes to additional payments and allowances. This has involved establishing which payments are considered to be part of salary and should therefore be consolidated into basic pay. Recommendations are also being discussed to cease certain payments or to make alterations in light of changes in working practice or Government legislation. A summary of the recommendations to date can be seen in Annex 1. Formal consultation with Unison is ongoing.
- 5.15 As with the final pay structure and the pay protection arrangements, the final recommendations for changes to additional payments and allowances will need to be agreed with Members and with Unison Head Office before they can be implemented.

6.0 Financial Implications

- 6.1 Further pay modelling needs to be undertaken on the options for a joint pay structure. This will include:
- The options for pay protection
 - How, incremental progression will work.
 - Options for staff currently on national minimum wage rates in consultation with Unison.
 - The impact on changes to allowances on the overall pay model.
 - Market pay considerations.

All of these issues need careful consideration before meaningful financial projections can be made. All pay modelling options will be based on a joint pay structure but will need to identify the cost implications for each Council separately.

7.0 Conclusions

7.1 The provisional conclusions from the initial modelling are as follows:

- The joint pay structure needs to be developed further in consultation with Unison
- Regardless of the detailed design of the final pay structure, the costs will need to be the lowest possible.
- Preliminary indications are that the broad grade approach has a lower initial cost, a higher long term cost and less 'turbulence' (employees requiring pay increases or pay protection) whereas the narrow grade approach is likely to have a higher initial cost, a lower longer term cost and a high level of 'turbulence'.
- Agreement needs to be reached over the different options for dealing with employees currently paid below SCP 4 on national minimum wage rates.
- Alternative pay protection options other than 100% over 3 years need to be modelled.
- Options for increments, incremental progression and incremental bars need to be modelled.
- All pay modelling options need to show the cost implications for each Council as well as for the combined workforce.
- A further gender impact assessment will need to be undertaken once a final pay structure has been agreed to ensure that neither Council is breaching equalities legislation.
- The pay model needs to reflect market pay considerations if any conclusions can be drawn about the cost of pay protection and the number of staff requiring pay protection.

8.0 Recommendations

8.1 The Overview and Scrutiny Committee is asked if it wishes to refer any comments or recommendations on the Joint Local Pay and Grading Review update to the Cabinet on 17th September 2007.

8.2 The Cabinet is recommended to:

8.2.1 Confirm, in principle, the commitment of Worthing Borough Council and Adur District Council to the implementation of a new joint pay structure, backdated to 1 April 2007.

8.2.2 Note the two main options for a joint pay structure, narrow grade and broad grade as outlined in Section 5 of the report, and commissions further modelling on pay bands, pay protection, incremental progression and staff currently on national minimum wage rates.

8.2.3 Accept the recommendations to date with respect to the treatment of allowances and additional payments as outlined in Annex 1.

8.2.4 Agree to defer the final assimilation date of JLPGR to February 2008 to allow for full and meaningful consultation with Unison, locally, regionally and at Head Office and payroll processing timetables.

8.2.5 Agree a meeting date on which a final decision on pay scales, pay protection, additional payments and allowances can be taken by Members. This will need to be before Christmas but in December.

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Background papers: None

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