

EMPLOYMENT MATTERS COMMITTEE

4 JULY 2013

PAY AND GRADE REVIEW

Report from: Tricia Palmer, Assistant Director, Organisational Services

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Summary

To update the Committee on the progress of the Pay and Grade Review Project.

1. Budget and Policy Framework

1.1 The staffing implications of pay and grading are a matter for this committee, which can decide on the policies and processes supporting any changes in staffing.

2. Background

2.1 On 18 April 2013 the Committee noted the principles of and the progress made in relation to the implementation of a new pay and grading structure using job families and a contribution based pay scheme.

2.2 The Committee were provided with a summary of the main steps of the project, for ease of reference, these are attached as appendix one. This report gives an update on progress.

3. Options

3.1 It has already been accepted that there is need for change as the current scheme has become more strained as time has progressed.

3.2 As previously reported liaison has been ongoing with the Local Government Association and The Hay Group to look at different approaches that the council could take to improve the situation. Initial work, including an audit of the current pay structure has been undertaken with The Hay Group, who have recommended the council adopts a 'job family' framework to underpin a new reward system to provide a robust tool for pay and grading that will support a more performance focused culture.

3.3 As a result a set of job families have been created to reflect the make-up of the council's workforce in terms of types of job with the Better for Less review categories underpinning these, as follows:

- (i) **Corporate Core** – posts that deliver corporate services to support council business and strategy
- (ii) **Organisational Support** – roles that deliver administrative support.
- (iii) **Customer and Engagement** – roles that provide assistance, instruction and information to groups and individuals using council services and facilities.
- (iv) **People (Social Work and Professional)** – roles that are registered with the Health Care and Professions Council (HCPC).
- (v) **People (Social and Environmental)** – roles that support and assist the well-being of individuals and groups to assure their protection, security and development.
- (vi) **People (Learning)** – roles that develop people to build their personal capability in skills and knowledge.
- (vii) **Place (Regulation and Technical)** – roles that include monitoring and enforcing regulatory areas and those providing services of a technical nature to customers.
- (viii) **Place (Property)** – roles that deliver on-going service activities requiring specialised and vocational expertise.
- (ix) **Schools** – all schools based non teaching posts. There are national job profiles for these posts.

4. Advice and Analysis

4.1 The process that is being developed will, once completed, link the evaluation of the role (i.e. the value of the role in relation to other roles within the council) to the competencies required for the role (i.e. the required behaviours from the postholder). Once these two are combined, target-setting is then undertaken to enable a contribution-based pay model.

4.2 Timetable

4.3 The timetable for the project is attached as appendix two. This shows that the deadline for completion of job profiles has been extended by one month. This is explained in paragraph 4.11 below.

4.4 Governance

4.5 A number of stakeholder groups have been established connected to this project, including a Members Working Group, The Pay and Grade Project Board, chaired by Tricia Palmer, Assistant Director, Organisational Services and an operational project group chaired by Ralph Edwards, Head of HR Services.

4.6 Communications

4.7 A number of roadshows for managers have been arranged during July to share the main principles of the project and give an update on work that has been undertaken so far.

- 4.8 As stated in the previous report an employee communication plan will be developed once a definitive decision has been made regarding the way forward.
- 4.9 Progress to date
- 4.10 A 'desk-top' exercise has been undertaken within HR Services to allocate approximately 1500 posts to their respective job family. As some posts are undertaken by a number of employees this figure covers approximately 3900 individuals.
- 4.11 Work is ongoing on producing the set of generic job profiles within families. The deadline for completion has been extended by one month to the end of July, by which time 70 per cent of the profiles must be complete and evaluated in order for The Hay Group to have sufficient pay data to undertake initial pay modelling.
- 4.12 A new version of the internal resourcing system *e-Source* has been developed to enable a job profile to be produced and, at the same time be evaluated. This is a new way of evaluating roles at Medway but has been designed to provide a systematic method for the evaluation of posts and the production of recruitment documentation, saving time, ultimately for recruiting managers.
- 4.13 Part of the process of producing new role profiles is to absorb the current Principal Officer posts and evaluate them under the NJC job evaluation scheme. At present these roles are evaluated under a separate job evaluation scheme. This work is being undertaken with the day-to-day production of job profiles.
- 4.14 A new competency framework is currently being finalised and this will be shared with a cross-section of managers for their views in the near future. The competencies within the framework reflect the individual levels of the NJC job evaluation scheme. Once this is finalised the scheme will be shared with The Hay Group to assist them in developing a contribution-based pay scheme.

Note: There will be separate competency frameworks for staff who are covered by the Professional Capabilities Framework for Social Workers and also for school-based staff.

5. Risk management

Risk	Description	Action to avoid or mitigate risk
The funding of a new pay and grade scheme.	Year one costs incurred by potential increases in grade.	Robust financial pay modelling.
Possible detrimental impact on the morale of the workforce.	The risks of implementing a new pay and grading structure are related to the morale and goodwill of employees, who may see this as a further attempt by the council at eroding their pay following the freezing of increments and the withdrawal from pay-related NJC terms.	Meaningful consultation, a communication strategy and staff briefings to allay fears.
Resources issue in terms of implementation.	Implementation of a project of this scale will involve significant resources (predominantly from HR Services) in terms of: <ul style="list-style-type: none"> - preliminary work in scoping of the scheme. - Producing the generic job profiles and allocation of individuals to profiles. - consultation with managers and staff on proposals. - Payroll and systems. 	Additional funding allocated to the project? HR personnel working 'Smart' with the support needed.

6. Consultation

- 6.1 Consultation with the trade unions will be undertaken as the project progresses via the Corporate Consultative Committee, Joint Consultative Committee and ad hoc meetings when required.
- 6.2 Members of the Disabled Workers Forum, Lesbian, Gay, Bisexual and Trans Forum and the Black Workers Forum will be asked to comment at the point of the Diversity Impact Assessment is undertaken.

7 Financial and legal implications

7.1 Financial implications

- 7.2 The financial implications of implementing the scheme will not be known until the pay modelling has been undertaken. It is envisaged that this work will be able to start in July 2013.

- 7.3 Whilst the intention is to seek to minimise the impact on staff, it is inevitable that there will be some 'gainers' i.e. those who see a salary increase and some 'losers'. For those who see a decrease in their pay a salary protection scheme will be put in place for the decrease to be phased in. This will mean that any cost savings will not necessarily show immediately.
- 7.4 Legal Implications
- 7.5 The implementation of a new grading structure and the introduction of contribution based pay would necessitate a change to the current contractual terms and conditions of employment for council employees. In order to implement these changes, it will be necessary for the council to enter into a collective agreement with the recognised trade unions or reach individual agreements with employees to vary existing contracts or terminate existing contracts and re-engage employees on new contracts including the new terms. The effect of a collective agreement is that the proposal would become binding on individual contracts of employment.
- 7.6 In the absence of a collective agreement, the council could reach agreement with individual employees to agree a variation to their current contracts of employment where upon the employees new grade and salary would be incorporated into the individual employee's contract of employment.
- 7.7 In the event that an agreement cannot be reached with the individual employee or a collective agreement cannot be reached with the Trade Unions, the council is statutorily obliged to commence formal consultation with the trade unions under section 188 of the Trade Union and Labour Relations Act 1992. This formal consultation period is for 45 days given that the number of employees affected are potentially over one hundred.
- 7.8 The council will also be required to commence meaningful consultation with employees who are not in agreement to the variation to their contracts of employment. This period of consultation would be undertaken alongside the collective consultation with the trade unions.
- 7.9 At the end of the formal 45-day period and after having taken in to consideration any consultation responses, the council would have the ability to vary unilaterally the existing contracts of employment, by issuing the employee with the contractual notice to terminate their current employment contract and then issue the new contract of employment incorporating the new terms and conditions of employment. There is a risk that legal challenges may be brought should agreement not be reached with employees either individually or collectively with the trade unions. Successful legal challenges will be minimised by ensuring that full and meaningful consultation takes place and that Diversity/Equality Impact Assessments are carried out as per the council's obligations under The Equality Act 2010.
- 7.10 The Council must ensure that the process for any changes to contracts of employment complies with the required statutory obligations to inform and consult employees both collectively and individually under Section 188 of the Trade Union and Labour Relations (Consolidation) Act 1992 and in addition complies with its re-organisation procedures.

8. Recommendation

- 8.1 That Members note the progress made in relation to the implementation of a new pay and grading structure using job families and a contribution based pay scheme.

Lead officer contact

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Background papers

Employment Matters Committee Report 18 April 2013.

The main steps of the pay and grade review project:

- (i) agree a job family framework;
- (ii) allocate current posts to job families;
- (iii) agree new competency frameworks for employees below Service Manager level, with different frameworks for Social Workers and school-based staff.
- (iv) make adaptations to the e-source recruitment system to accommodate the new job profile style.
- (v) produce a set of generic job profiles for each job family.
- (vi) evaluate the job profiles using the NJC job evaluation scheme incorporating those posts currently evaluated under the Principal Officer Scheme. Work has been undertaken with the Local Government Association to look at assimilation of these posts onto a main scale so there will be only one scale in future.
- (vii) undertake pay modelling.
- (viii) develop a communication plan.
- (ix) develop a contribution-based pay scheme.
- (x) undertake formal consultation and Implementation.
- (xi) appeals process.

Pay and Grade timetable

Date and time	Meeting	Project plan key dates
May 2013		
Wednesday 22 May, 18:00 - 19:00	Pay and Grade Members' working group	Progress update.
June 2013		
Friday 18 June, 10:00 - 11:30	Corporate Consultative Committee	Progress update
July 2013		
Monday 1 July	Managers Roadshow	
Thursday 4 July	Employment Matters Committee	Progress update.
Friday 5 July	Managers Roadshow	
Tuesday 23 July	Managers Roadshow	
Wednesday 24 Jul, 18:00 - 19:00	Pay and Grade Members' working group	Progress update.
Friday 26 July		Milestone 1 <ul style="list-style-type: none"> • Communication Plan complete. • ICT e-source developments complete. • Job families and profiles allocations and rank ordering complete.
Monday 29 July		Milestone 2 <ul style="list-style-type: none"> • HAY to undertake pay modelling exercise to be completed by 29 August.
August 2013		
Wednesday 7 August	Corporate Management Team	Progress update
September 2013		
<i>Date TBC</i>	<i>Pay and Grade Members' working group</i>	
Wednesday 4 September	Corporate Management Team	Update on pay modelling exercise.
Friday 6 September, 10:00 - 11:30	Corporate Consultative Committee	Progress update.
Thursday 12 September	Joint Consultative Committee + Employment Matters Committee	Milestone 3 Employment Matters Committee to agree way forward.
Monday 30 September		<ul style="list-style-type: none"> • Completed changes to PDR process • Completed total contribution performance scheme • Completed appeals process

October 2013		
Tuesday 1 October		Milestone 4 Formal Consultation with staff and trade unions begins – (45 days)
November 2013		
Friday 15 November		Milestone 5 Consultation ends
Wednesday 27 November	Corporate Management Team	Update on consultation.
Wednesday 27 November, 18:00 - 19:00	Pay and Grade Members' working group	Update on consultation.
Thursday 28 November	Joint Consultative Committee + Employment Matters Committee	Milestone 6 Employment Matters Committee considers consultation responses and makes a recommendation to full council.
December 2013		
Thursday 5 December, 10:00 - 11:30	Corporate Consultative Committee	Milestone 7 Sign collective agreement. (earlier if appropriate)
January 2014		
Wednesday 15 January	Employment Matters Committee	Milestone 8 Consider way forward in absence of collective agreement.
February 2014		
Thursday 20 February	Council – Budget setting	Milestone 9 Make final decision.
Friday 21 February		If no collective agreement or individual agreement and proposal agreed at full council, commence dismissal/reengagement process.

Points to consider:

- The Council budget setting meeting is taking place on Thursday 20 February, 2014. Should there be a requirement for Council to make a formal decision on implementing a new grading structure then there are implications for the payment of increments to staff from 1 April 2014 as contractual notice for some staff will extend into May, and the collective agreement on the freezing of increments expires on 31 March 2014. Clearly if a collective agreement is signed prior to 31 March 2014 there is no issue.