

# PERSONNEL COMMITTEE

## JOB EVALUATION AND PAY STRUCTURE FROM APRIL 2010

MARCH 10, 2010

### Report of Head of Human Resources

#### PURPOSE OF REPORT

This report provides information on the final changes, the process for implementation and the role of the committee in pay and grading going forward.

This report is public
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#### **Recommendations**

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The meeting is recommended:

- (1) To note the new pay and grading structure.

#### **Executive Summary**

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##### 1. Introduction

The committee has received regular updates on the pay and grading project which is now coming to the end of phase 2 which is the development of a new pay structure and the introduction of the GLPC job evaluation scheme.

This report provides information on the final changes, the process for implementation and the role of the committee in pay and grading going forward.

##### **Proposals**

- 1.1 That the new pay and grading structure be introduced from April 2010 in line with the project plan.
- 1.2 That a standard protection period of 2.5 years be applied from April 2010 to those members of staff whose substantive grade is less under the GLPC scheme than their current grade (18% of the workforce).
- 1.3 That the car cash allowance be removed as a contractual term through

a lump sum buyout equal to 2.5 the current annual allowance.

- 1.4 That allowances be standardised and/or removed where applicable.
- 1.5 That phase 3 of the project continue in 2010-11 to establish the future of the essential car user allowance and the application of the new incremental structure from 2012.
- 1.6 That the Council seek a collective agreement to implement the changes from April 2010.

### **Conclusion**

- 1.7 After more than 12 months of hard and constructive work, management and the local Unison branch have now reached agreement on a new pay and grading structure.
- 1.8 The new structure is fair, affordable and meets the current and future needs of the Council to recruit, retain, develop and reward staff. The use of a well regarded and widely used job evaluation systems also provides a defence against equal pay claims.
- 1.9 The Personnel committee will retain responsibility for establishment changes in line with the current constitution.

### **Background Information**

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- 2.1 Following the approval of the commencement and implementation of the Equal Pay Audit and the job evaluation project at the Executive on the 5 March 2007, the Equal Pay Audit was completed during the summer of 2007. The report did not highlight any major areas of concern for equal pay at that time, giving the Council some reassurance that staff are being paid at fair and equitable levels reducing the risk of any claims being made under Equal Pay legislation.
- 2.2 The original plan was to commence Job Evaluation in April 08 and being finalised for implementation on 1 April 2009. £500,000 was put aside as part of the Council's Medium Term Financial Strategy, to cover the costs of implementing a new pay structure, yet to be confirmed but, based on the experience of other Councils, estimated to be around 3% of the pay bill.
- 2.3 During the early part of 2008 it was agreed with UNISON that the job evaluation should be delayed with commencement in September 08 and final implementation in April 2010. This was to allow for the Council's restructure to be finalised and to allow for a 'settling down period', where recruitment to outstanding vacant posts following the restructure could be advanced and any issues surrounding 'displaced employees' could be finalised. The delay was also deemed appropriate to ensure HR and Unison resource was available to support the Job

Evaluation Project, and prior to this time resources were tied up with the restructure and sports centres modernisation

- 2.4 The delay to the project also allowed time to develop an in depth project plan and to review project costs and resources using the expertise of a consultant. The Council engaged Northgate Arinso, who are the organisation who provide Job Evaluation consultancy specifically for the Greater London Council Scheme (GLPC), to support the project. The GLPC scheme was selected by members of the Unison Executive and the Staff Consultation Group.
- 2.5 As the Council's existing pay structure was designed many years ago to complement company cars and PRP the project was designed to include the development of a new pay structure and the standardisation of other allowances.
- 2.6 The project has run according to the agreed timetable and within budget. The detailed financial effects have been taken into account in the MTFS and the immediate effect of the car cash buyout accounted for in 2009-10.
- 2.7 The local and regional Unison representatives have been involved throughout, as members of the project board and team. The staff liaison co-ordinator has been seconded from his substantive post to support the project 3 days per week.
- 2.8 The impact of the new job evaluation scheme is that 82% of staff see their substantive go up or stay broadly the same (the mapping principles used mean that those people whose new salary is very close to their old salary move **up** to the nearest grade).
- 2.9 The 18% of staff whose substantive salary goes down will receive pay protection until September 2012.
- 2.10 Indicative grades have been released to all staff along with an information booklet (attached) detailing the new pay structure and other changes to terms and conditions. These essentially relate to an increase in annual leave to those at the lower level and standardisation of allowances and overtime rates.
- 2.11 Any member of staff can ask for a review of their grade and/or formally appeal the new grade. This process is underway and, to date, 2 requests for review have been received. Several more are expected before implementation.
- 2.12 The new pay structure, outlined on page 6 of the booklet, represents a significant move from a spot to an incremental structure. However, agreement has been reached with Unison locally that there will be no incremental movement until the end of the pay protection period.
- 2.13 The final phase of the project in 2010-11 will determine the progression

criteria and the future of the essential car user allowance.

- 2.14 As the Council recognises Unison for the purposes of collective bargaining, the preferred implementation route for changes to terms and conditions is via a collective agreement. Generally this is negotiated locally but, due to numerous challenges against Unison nationally under equal pay legislation, the national office require legal sign off before the local Unison branch can ballot members for acceptance. The scheme has been submitted to the national office along with a full equality impact assessment carried out by the Northgate Arinso consultant.

### **Key Issues for Consideration/Reasons for Decision and Options**

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- 3.1 The proposals deliver the new pay structure and job evaluation as outlined in the project which has been ongoing since 2007-8. The new pay structure is equitable and affordable and has been developed in partnership with the recognised trade union.

The following options have been identified. The approach in the recommendations is believed to be the best way forward

- Option One**                      Implement the new pay structure in accordance with the project outcomes.
- Option Two**                      Retain the current pay structure.

### **Implications**

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**Financial:**                      The financial impact of the new pay structure has been reported separately.

**Legal:**                              The 2004 National Pay Settlement committed every Council in England and Wales to carrying out a local Pay and Grading Review for all employees covered by the 1997 Single Status Agreement. Job evaluation is the product of that requirement and is intended to protect the Council against equal pay claims brought by employees under the Equal Pay Act 1970 as amended by the Equal Pay (Amendment) Regulations 1983.

Comments checked by Richard Hawtin, Team Leader – Property and Contracts 01295 221695

**Risk Management:**              The risk of not implementing a consistent system for evaluating jobs is that the Council could be open to equal pay claims in the future.

Comments checked by Rosemary Watts, Risk Management & Insurance Officer, 01295 221566

**Wards Affected**

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All

**Document Information**

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<b>Appendix No</b>	<b>Title</b>
Appendix 1	Job evaluation and pay structure from April 2010, staff booklet
<b>Background Papers</b>	
None	
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