

## **PAY AND GRADING**

### **1 SUMMARY**

- 1.1 The implementation agreement of the recent pay deal for local government sets out that Local Pay Reviews must be completed and implemented by all local authorities by March 2007. In April 2002 the Council postponed implementing the Local Government Job Evaluation (JE) scheme as there were disparities within the outcomes. External and internal factors mean that a robust job evaluation system for the Council is necessary to meet the above requirement but also to ensure we do not face an equal pay claim and to help resolve some of our current recruitment and retention difficulties.
- 1.2 This report asks Members to commit to undertaking a local pay review in accordance with the Pay and Grading section of the 1997 Implementation Agreement and Part 2, paragraph 5 of the National Agreement. It also asks Members to revisit its decision of 11 April 2002 to postpone the implementation of JE.

### **2 INTRODUCTION**

- 2.1 The implementation agreement of the national pay negotiations state that local pay and grading reviews should include:
- A new pay and grading structure
  - Details of the approach to be taken to determine the relative size of the jobs included
  - Proposals for protection
  - Proposals for premium rates
  - Proposals for progression
  - Proposals for back pay
  - Proposals for appeal against assimilation proposals
  - An Equality Impact Assessment of proposed changes to grading and pay and other conditions
  - An Equal Pay Audit where local pay reviews have been conducted without such an audit
  - Proposals for bonus and other performance payments
  - Proposals for any costs savings or productivity improvements required to offset the cost of implementation
  - A timetable for completion by 31 March 2007.
- 2.2 In order to meet the above requirement it is essential that the Council has a system in place that can assess jobs and their monetary worth in a fair and consistent manner in order to avoid both potential bias or

discrimination and claims under the Equal Pay Directives. The Council face difficulties with recruiting and retaining some staff in particular areas. The proposed job evaluation will be key to addressing some of those issues.

### **3 JOB EVALUATION**

#### **The need for Job Evaluation**

- 3.1 The aim of job evaluation is to provide a systematic and consistent approach to defining the relative worth of jobs within a workplace. Job evaluation can help remove any anomalies or inequities in an organisation's pay system and provides a structured basis for deducing grading levels. The Equal Pay Act and the Equal Pay (Amendment) Regulations make it especially important to maintain a fair and orderly grading structure.
- 3.2 It has long been accepted that job evaluation offers a logical approach in the assessment of responsibilities attached to posts and that a 'points rating' scheme is one of the most suitable for application in local government with its variety of job functions.
- 3.3 The basic pre-requisite to job evaluation is the compilation of information relating to the individual duties of each post. This will take the form of a job description in conjunction with a relevant organisational structure. If the job description or relevant organisational structure is flawed the resultant grade/salary point will also be flawed.

#### **Current Situation**

- 3.4 The Council tried to implement the Local Government JE Scheme, developed jointly by the National Joint Council for Local Government Services and Unison. However, there were problems with the design of the scheme and the software/ factor definitions used. These problems meant an unwarranted amount of grade turbulence would result without further testing and investment into the customisation of the scheme. In April 2002 Members agreed to postpone implementation. Many other Councils at the time decided not to proceed with the national scheme and instead to look at alternatives.
- 3.5 At the beginning of this year, a desktop exercise was undertaken to evaluate all posts within the Council against the Greater London Whitley Council JE scheme. Initially 22 jobs were evaluated and it was clear from that exercise that the scheme fitted the organisation subject to some minor amendments. The scheme was applicable to posts from grade S1 to PO17. Posts above that scale require a scheme applicable to senior management positions.

- 3.6 The results of the above exercise were used to assess grades in Revenue and Benefits as part of the restructuring of that service.
- 3.7 The Council now needs to decide whether to roll out the above scheme across the organisation or to adopt a different JE scheme.

**The Way Forward**

- 3.8 It is suggested that the Council proceed on the basis of the evaluation exercise using the Greater London Whitley Council JE scheme that has already been carried out. The advantages of this are:
- The scheme has already been implemented in Revenue and Benefits and there would be benefits from consistency across the organisation.
  - The scheme fits in with the organisation (up to grade PO17 and shows no anomalies).
  - We have a guide as to the resource implications.
  - The costs of implementing any scheme would be fairly low as the initial evaluation has already been carried out. An internal resource would need to be trained to verify the findings and meet with managers to discuss them. They would also need to maintain the scheme after implementation.
- 3.9 A disadvantage is that the scheme does not cover senior positions and another system is necessary for that level e.g. the HAY scheme as used by Essex County Council. However, this is likely to be an issue whichever JE system is chosen. Also, if we were to take back any services in house where there were manual staff the scheme may not be suitable under single status.
- 3.10 If we were to pursue the HAY scheme for PO plus graded posts Essex County Council are able to train an internal resource to carry out job evaluations. It would be a good idea for this to include managers so they understand the scheme and buy in to the process. Essex County Council can provide the training at a lower cost than HAY would and as part of this will allow those evaluators who attend the training to sit in on an evaluation at County as a trial run.
- 3.11 An alternative is to use the national scheme for posts up to grade SO2 and the HAY scheme for all other posts. Essex County Council does this on the basis that HAY will not work for all jobs across an organisation – only management positions. The problem with this option is that many posts would need to be re-evaluated under the national scheme, the outcome is unknown and the same anomalies may exist that caused postponement in 2002.

#### **4 RESOURCE AND RISK IMPLICATIONS**

- 4.1 The risks of not adopting any JE system include:
- failing to meet the requirement to complete a local pay review by 31 March 2007
  - possibly facing an equal pay claim and the needs to demonstrate a consistency in approach in evaluating jobs operating in the organisation.
  - recruitment and retention difficulties are likely to continue to be an issue in particular professional areas.
- 4.2 The resource risk of adopting the Whitley Council JE system would be limited as we have trialled the predicted outcomes and associated costs/resource implications.
- 4.3 Adopting a new system from scratch would mean the full resource implications will not become apparent until some way into the process. The last JE process had negative outcomes in terms of staff morale expectations.
- 4.4 The resource implications of rolling out the scheme are outlined in the attached confidential paper. This includes a time frame to August 2006. There would be savings if salaries were not protected indefinitely. It is proposed they should be protected for 2 years in line with the redeployment policy.

#### **5 RECOMMENDATION**

- 5.1 It is proposed that the Committee **RESOLVES**
- (1) To endorse a commitment to Job Evaluation to be completed by March 2007 as set out in the national pay agreement.
  - (2) To progress with Job Evaluation using the Greater London Whitley Council scheme for posts up to PO17 and HAY for all other posts on the basis outlined in this report.

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**Background Papers:-**

None

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