

Subject:	Pay Modernisation	
Date of Meeting:	24th January 2013	
Report of:	Chief Executive	
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Wards Affected:	All	

FOR GENERAL RELEASE

Note: The special circumstances for non-compliance with Council Procedure Rule 23, Access to Information Procedure Rule 5 and Section 100B (4) of the Local Government Act 1972 (items not considered unless the agenda is open to inspection at least five days in advance of the meeting) were that the information necessary for the report and the consultation with relevant persons was not finalised in time for the publication of the agenda. The Committee needs to make the decision at this meeting so that negotiations can start as early as possible.

1. SUMMARY AND POLICY CONTEXT:

- 1.1 The pay, terms and conditions of employees of Brighton & Hove City Council are constructed from a number of different sources. Key terms and conditions such as pension rights and entitlement to sick pay are agreed nationally. Basic pay is governed by the council's job evaluation and grading system which was implemented in January 2010 and the rates of pay are set in accordance with nationally agreed pay scales. Annual increases to basic pay are agreed nationally but the Council has made a local commitment to ensuring that all staff receive as a minimum a Living Wage of £7.45 per hour. In addition, a significant number of staff receive allowances and additional payments because of the nature and pattern of the work that they do. These allowances are locally determined but over time the current system has become complex, is based on historic requirements and is no longer fit for purpose.
- 1.2 This report seeks authority to commence a process designed to implement a new system of allowances that is consistent, modern and transparent. The process will take into account relevant legislation and case law, in particular in relation to equal pay and broader employment law. It will also have regard to the affordability of the new system but will not be seeking to achieve reductions on the council's overall pay bill.
- 1.3 The Council has also made a commitment in its People Strategy to introduce Job Families which will simplify the very large number of evaluated job roles that exist and will provide a range of other benefits including greater flexibility across the workforce, creating more development opportunities and providing a basis for a

better training and development programme. This report requests authority to implement this commitment as part of this process.

2. RECOMMENDATIONS:

That the Policy & Resources Committee:-

- 2.1 Notes the contents of this report and the need to modernise aspects of the council's pay and terms and conditions which are locally determined.
- 2.2 Agrees that the council should commence a process designed to implement a new system of allowances and additional payments that are consistent, modern and transparent.
- 2.3 Agrees that the council should commence a process designed to introduce Job Families and implement any associated changes to the council's grading structure and pay-line..
- 2.4 Authorises the Chief Executive to nominate officers, enter into negotiations with the recognised trade unions with a view to reaching an agreement on a revised package of pay and terms and conditions.
- 2.5 Authorises the Chief Executive, the Director of Adult Social Care and the Director of Finance to implement a modernised pay and terms and conditions package in accordance with the law, including the power to adopt appropriate grievance and appeal procedures and to take any other steps necessary, conducive or incidental to achievement of the same.

3. BACKGROUND INFORMATION:

Pay and Allowances and Single Status

- 3.1 The national Local Government Employers (LGE) and national Trade Unions signed the "National Single Status Agreement" in 1997. This harmonised the conditions of service of blue collar and white collar employees who had previously had their own separate agreements. The new set of conditions, known colloquially as the 'Green Book', required councils to undertake equal pay reviews and provided councils and trade unions with the ability to enter into agreements on various aspects of the employment package at a local level.
- 3.2 The council's pay, terms and conditions are an amalgamation of several sets of terms and conditions resulting from the creation of Brighton & Hove as a unitary authority and the contracting in of a number of services. The pay package was originally designed on the basis that staff paid on NJC (National Joint Committee) grades scale SO1/2 and above were inclusive salaries and only staff at grades scale 1/2 up to scale 6 would be eligible for payments for non-standard working and overtime. In practice there exists a large range of allowances and additional payments to staff, including staff above SO1/2. These allowances and payments have emerged over a long period of time for a wide range of reasons and justifications. While the council successfully introduced a new basic pay and

grading system in January 2010, progress was limited in dealing with allowances. The current system of allowances is therefore historic, complex and no longer fit for purpose. A modern local authority needs a consistent and transparent pay system that ensures it can provide responsive public services at the times and places that our customers and clients expect. .

- 3.3 Many councils have already successfully re-negotiated core elements of their payments for working patterns in recent years to mitigate many of the issues highlighted above and to ensure they have a modern system of pay fit for current service requirements. It is recommended that the council should seek to agree a standard package of pay, terms and conditions through negotiations with its recognised trade unions, including agreement on any appropriate form of recompense for any employee who would see a reduction in actual pay as a result of a new package.
- 3.4 Changes to allowances may have a small impact on schools but it is not proposed to change the pay for Teaching Assistants which arose from the ACAS conciliated settlement in 2005. It should be noted that Faith schools are separate employers but they may wish to adopt any new allowance package (as they did with the single status grades in 2010). These proposals do not cover teaching staff who are covered by entirely nationally set pay, terms and conditions.

Modernising Job Families

- 3.5 The Council's 'People Strategy' contains a commitment to introduce job families for NJC employees. A Job Family is a group of jobs with similar characteristics and which are engaged in similar work, for example, administrative roles. Job families enable staff to see clear career development paths and makes the evaluation of jobs easier and more transparent. It would not be rational to modernise the system of pay without also modernising how we organise job groups and develop staff in similar roles. Introducing job families would complement the modernised pay, terms and conditions package and provide the following additional benefits:
 - Workforce flexibility; financial constraints and customer and client expectations mean there will be an ongoing need to redesign services. Job families provide for greater flexibility of the workforce across the organisation, providing greater opportunities for development and employment across services, including redeployment opportunities.
 - Clear progression pathways for employees; feedback from staff consultation has shown that a high and increasing proportion of employees believe that opportunities for progression are not clear. Job families enable us to define the requirements to progress to a higher level and encourage lateral progression to different service areas.
 - Streamlined job evaluation; as with allowances, over time the number of individually defined and evaluated job roles has grown and now stands at over 1500 unique jobs. The current system of job evaluation is therefore cumbersome and expensive to manage and a more appropriate framework of

around 120 role profiles is being developed to reflect the council's major work activities and specialist functions.

- Job families make it easy to define the competencies and skills required in each family group and enable skills, knowledge and behavioural frameworks and development programmes to be designed for each family. This is because there would be much greater standardisation of 'person specification' criteria and, most importantly, it will be easy to know what type of work each person does according to their job family. This is often not the case with the wide range of job titles and descriptions that currently exist.

Grading Structure

3.6 As part of the proposed negotiations, officers would explore with the trade unions options to amend the council's existing grading structure and/or pay line for NJC posts in tandem with job families proposals:

- Grading Structure: The existing grading structure is based on nationally negotiated NJC grades and could be reviewed to align with the job family framework, providing clarity between roles at different levels. A revised grading structure, together with job families and a behaviours framework, will therefore support improved performance management.
- Pay line: Changing the grading structure may necessitate changing the values attached to some or all grades and the number of spinal points within each grade.

Implementation

3.7 Subject to the progress of negotiations, it is hoped that a collective agreement (including the implementation date) with the unions on a modernised pay package can be reached by the end of March 2013, following which we will write to staff to inform them of the changes to their pay and allowances (if any).

3.8 Although the council's wish is to implement the scheme by agreement that may not be possible for variety of reasons, including the legal position of the unions regarding any advice they give their members about settlements. In the event that there is no agreement (for whatever reason) or an agreement cannot be reached within reasonable timescales, it is proposed that officers be given authority to implement an appropriate modern pay package and take all necessary steps to secure implementation from October 2013. At this stage, we cannot know what the exact steps might be but are committed to meaningful consultation in furtherance of an agreed outcome. The recommendations in paragraph 2 need to be read in this context.

3.9 To ensure a correct, fair and consistent application of the scheme, the Council will introduce a special appeals process and ensure that we hear any appeals before a decision is implemented.

- 3.10 There are project work streams looking at business continuity in the event of industrial action and how to support and engage with staff who will be adversely affected by the implementation of a new pay system.

4. CONSULTATION:

- 4.1 A series of formal negotiation meetings will be set up from the beginning of February. The aim of these meetings will be to try and reach an agreement on pay modernisation. This will involve discussing the council's proposals in depth, including the financial details and impact on staff groups/individuals and to consider alternative proposals put forward by the unions. However there is a risk that the trade unions may feel unable to agree any proposals that result in any of their members losing pay without substantial recompense. Prior to implementing any change there will be a comprehensive consultation exercise.

5. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 5.1 The current cost of allowances and additional payments is approximately £3m. Any change to the pay and allowance system will need to balance the revised pay bill with the potential cost of any financial recompense for employees who may see a reduction in actual pay. Given current and future financial challenges, there is a clear expectation that the pay bill must remain affordable and should not grow beyond available employee budgets and pay provisions in 2013/14. However, the value or any potential recompense would need to be financed which may require one-off resources to be identified. If these cannot be identified from current resources or reserves, the Medium Term Financial Strategy and future budget setting rounds will need to identify savings or other funding to replenish the council's reserves over one or more years.

Officer consulted: Nigel Manvell

Date: 17/01/2013

Legal Implications:

- 5.2 As stated in the body of the report the council's current arrangements for pay and conditions including, in particular, allowances and additional payments, are in need of modernisation to ensure that they are consistent as well as fit for purpose. The proposals in this report, in addition to achieving that, will assist the Council in minimising the risk of potential legal claims which, irrespective of their validity or merit, could be costly, time consuming and a distraction from achieving a speedy implementation of a consistent, modern and transparent system of pay and conditions.

Lawyer Consulted: Abraham Ghebre-Ghiorghis

Date: 17.01.2013

Equalities Implications:

- 5.3 The Equal Pay Act 1970 prohibited any less favourable treatment between men and women in terms of pay and conditions of employment. The act was repealed in 2010 and its provisions subsumed within the Equality Act 2010. Ensuring that the council maintains a fair and consistent pay and allowance system that takes into account current case law and changes in European Union law is therefore critical to meeting its gender obligations under the equality act. Any negotiation of the pay and allowance system must therefore consider the equality implications and must not change or add elements that may give rise to gender inequality and potential equal pay claims.

Sustainability Implications:

- 5.4 None specific to the contents of this report.

Crime & Disorder Implications:

- 5.5 None specific to the contents of this report.

Risk and Opportunity Management Implications:

- 5.6 These are set out in the body of the report.

Corporate / Citywide Implications:

- 5.8 A modernised pay system will enable improved workforce planning and development which will support the delivery of services and Corporate Plan priorities.

6. REASONS FOR REPORT RECOMMENDATIONS:

- 6.1 Reasons for the report recommendations are set out above.

SUPPORTING DOCUMENTATION

None.