

AGENDA ITEM NO. 2

REPORT TO: Appointments Committee
DATE: 25th October 2005
REPORTING OFFICER: Strategic Director – Corporate & Policy
SUBJECT: Pay and Grading Review
WARD(s): Boroughwide

1.0 PURPOSE OF REPORT

1.1 To describe for Members the approach being taken by the Council to its Pay and Grading Review and outline progress to date.

2.0 RECOMMENDED: That the report be noted and the approach endorsed.

3.0 SUPPORTING INFORMATION

3.1 The 1997 National Pay Agreement required Councils to undertake a process of harmonising the terms and conditions of employment of white collar and blue collar employees known as “single status”. Included in this process was a recommendation to undertake a review of all pay and grading issues.

3.2 Halton completed the process of harmonisation in 2003/04 except for this latter review which it was always intended would be the final element. The 2004 National Agreement required Councils to complete the process by April 2007.

3.3 In addition to a requirement to undertake a Pay and Grading Review under the National Agreement, there are three benefits to the Council in so doing:-

- it will modernise the pay and grading structure;
- it will bring equality to pay and grading minimising the risk of Equal Pay claims;
- it is the final piece of the harmonisation process.

3.4 The Council’s Appointments Committee considered a report in September 2004 and accepted a recommendation that Halton sets up a joint Steering Group to undertake the Pay and Grading Review comprising the Operational Director – HR and local Trade Union representatives. It also agreed that as part of the review the Council would undertake a council-wide job evaluation of all affected posts (approximately 2000) using the national scheme drawn up by the Employers Organisation and Unions.

- 3.5 Regular meetings of the Steering Group have been taking place since January and visits have been made to other Councils who are 'further down the road' than Halton to collect information.
- 3.6 Care is being taken by both sides as many Councils have encountered great difficulties in attempting to undertake such a project. For example, St. Helens faced Equal Pay claims that cost in the region of £6m to settle. Cheshire County Council is facing industrial action from groups of employees following rejection of the outcomes of job evaluation in a ballot. St. Helens again made the front page of local newspapers when it was disclosed that Refuse Collectors faced losing £5,000 each per annum following the review. The pay bill for some Councils has risen by 7-10%. In some Councils acute recruitment and retention problems have been faced due to certain occupations being downgraded. The Halton Steering Group is seeking to undertake a review and at the same time avoid these problems encountered by other councils.
- 3.7 A 'Framework Agreement' has been drawn up and agreed with the unions to agree the principles of many aspects of the process. This covers areas such as joint ownership of the process, appeals, relating scores to pay and grading, pay protection etc.
- 3.8 One important aspect for Members to note is that this process is not just about evaluating jobs. It is also about modernising and bringing equality. For example, white collar jobs have always been paid on a grade of (normally) four pay points. Staff progressed up the grade each 1st April to the next incremental point until they reached the top. Blue collar jobs have always been paid on a fixed point. This position will be addressed as part of the review with the intention of harmonising and equalising the situation.
- 3.9 Initially, a 'benchmark' sample of about 160 jobs from across all areas of the Council will be evaluated. This sample has been chosen to be representative of all jobs and will provide important information that will enable decisions to be made regarding the redesign of grades and the 'pay to points' line. Thereafter the process will be rolled out to all other jobs (NB. this does not include Chief Officer jobs which were evaluated at the start of the year, Teaching jobs and jobs coming under Soulbury conditions of service.)
- 3.10 There are basically two methods of undertaking the evaluation – a manual, paper method and a computerised method. Halton is using the computerised method as there are significant benefits in this method, especially in saving time and (over the course of the project) cost.
- 3.11 Communication will be vital during the course of the project to ensure that many of the problems faced by other Councils are overcome. This has commenced already and Members will have noted the articles in

recent 'In Touch' magazines. It is intended that all interested parties will be kept fully informed throughout.

4.0 NEIGHBOURHOOD SERVICES

- 4.1 Members will recall that prior to the review commencing, advice and training was sought from the North West Employers Organisation. This was provided by the Deputy Director and was joint training for management and Trade Unions. One important piece of advice received was that in terms of prioritising the review the Council should "hot spot" i.e. vulnerable areas should be dealt with first to help ensure any equal pay claims are avoided. In Halton (and most other councils) this relates to those areas where manual workers are employed who receive supplementary payments to their basic pay. In Neighbourhood Services, the Council employs roughly 150 men and 3 women who (because of an arrangement negotiated for CCT purposes) receive "Best Value Supplements" (Refuse Collection, Street Cleansing and Parks and Gardens). In addition we employ roughly 850 (overwhelmingly) women (part time) in School and Civic Catering and School and Civic Cleaning who do not receive supplements to their basic pay. This was Halton's vulnerable area.
- 4.2 Following several months of complicated negotiations an agreement has been reached on pay and grading for this whole area that has recently been approved by the Management Team and Chief Executive. This has been implemented with effect from 1st April 2005. This agreement is an extremely important part of the overall review and will crucially assist in ensuring that Halton does not encounter many of the problems faced by others and as set out in 3.6 above.
- 4.3 All posts in Catering and Cleaning have been job evaluated and have been regraded to scales in line with national provisions. This means that for the first time these employees will be able to receive annual increments each April and progress through the grade like all "white collar" employees. The total cost of this is approximately £150000.
- 4.4 The rates of pay for all posts in Refuse Collection, Street Cleansing and Parks and Gardens have been revised following negotiations to provide a new local rate of pay. This rate of pay is all inclusive (therefore removing the Best Value Supplement) and is based on a range of considerations including consolidated contractual overtime, flexibility etc. It was decided to treat this group of services in this way (rather than just evaluate the jobs) to avoid the problems set out above and due to the complicated nature of current pay arrangements. The rate is a truly local rate in that it is not based on the national pay spine like all other jobs in the Council, is not linked in any way to national gradings and, in addition, is a "spot rate" i.e. the employees are not on a grade like other staff. These new rates have been accepted by the workforce. As a result of introducing these new local rates there will be a saving to the Council in 2005/06 of approximately £80000. This

means that this review of Neighbourhood Services - roughly 1000 employees (but excluding a small number of office jobs) will cost roughly £70000 to implement.

5.0 POLICY IMPLICATIONS

5.1 There are no new policy implications in this item.

6.0 OTHER IMPLICATIONS

6.1 Costs associated with the project will be met from within existing budgets that contain an element set aside for this purpose. It is planned for any increased salary costs to be met from the budget set aside in 2005/06, 2006/07 and 2007/08.

7.0 RISK ANALYSIS

7.1 The key risks associated with carrying out the Pay and Grading Review are as set out below:-

- Failure to carry out review could lead to Equal Pay claims by staff – Control measure – review of all posts using job evaluation scheme will minimise risk.
- Impact of review on Council pay bill – Control measure – provision has been made in 2005/06, 2006/07 and 2007/08 budgets to cover cost.
- Impact on industrial relations climate – Control measure – Trade Unions and management committed to joint ownership of scheme and process. Process conducted by joint Steering Group
- Effect on recruitment and retention of staff in future especially where jobs downgraded – Control measure – consideration will need to be given to market supplement payments in the event of difficulties.

8.0 EQUALITY AND DIVERSITY ISSUES

8.1 One of the key aims of the review is to bring equality and harmonisation to the pay and grading system. Equality audits will be undertaken by the Joint Steering Group periodically to ensure the consistent application of the process.

9.0 LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972

9.1 There are no such papers under the meaning of the Act.