

26 March 2015	ITEM: 6
Corporate Overview and Scrutiny Committee	
Pay and Reward Review	
Wards and communities affected: None	Key Decision: None
Report of: Neil Mercer, Interim HR Strategy & Policy Manager	
Accountable Head of Service: Jackie Hinchliffe, Head of HR, OD & Transformation	
Accountable Director: Graham Farrant, Chief Executive	
This report is: Public	

Executive Summary

This report provides a summary of the progress made during 2014 in reviewing pay and reward, and proposes a way to complete this review during 2015/16, including the adoption of a new job evaluation scheme.

Development of draft role profiles by NGA, an external provider, can commence with immediate effect. The input required from DMT members will be far lower than previously planned.

1. Recommendations

1.1 Corporate O&S are invited to comment on the adoption of the Greater London Provincial Council's (GLPC's) job evaluation scheme to evaluate all role profiles developed as part of this review, and that the council should use the GLPC scheme thereafter.

1.2 It is proposed that that this review should continue as follows:

- **Develop role profiles**
- **Allocate job descriptions to role profiles**
- **Evaluate role profiles**

- **Design a new pay and grading structure**
- **Assimilate staff into the new pay and grading structure**

2. Introduction and Background

- 2.1 In 2013 it was proposed that Thurrock should change their pay and grading structure. The existing model was found to be inflexible, band widths were too long (eg Band 9 contains 11 pay points) and overlapped. As such, it risked breaching equal pay legislation.
- 2.2 Many local authorities were successfully adopting job families as an alternative. The Chartered Institute of Personnel and Development listed four key reasons to take this approach, as follows:
- individuals can identify organisation-wide career paths
 - there is greater flexibility
 - it enables closer links to market rates
 - it improves the staff appraisal process by linking reward more closely with personal contribution and progress
- 2.3 A workshop was held with the Leadership Group on 4th March 2014 in which a job family structure was developed. This was ratified at DB on 4th April 2014.
- 2.4 HR then allocated each job description into a job family.
- 2.5 The next step was to develop role profiles, however most DMTs were unable to nominate managers to contribute to this task due to other work priorities.
- 2.6 In July 2014, Melanie Virginie, HR Strategy and Policy Manager, recommended that in the light of this difficulty, and bearing in mind the forthcoming restructure of the council, (i) further work on developing job families should be suspended; (ii) work should continue in adopting a new pay structure with shorter bands which did not overlap, in order to combat the risk of equal pay claims.

3. Issues, Options and Analysis of Options

a) Job evaluation

- 3.1 This review offers an excellent opportunity to examine whether the Council is using the best possible job evaluation scheme and, if it isn't, to switch to better scheme.

- 3.2 At present, the council engages the services of an external provider (The Reward Partnership) to carry out job evaluations using the James scheme. The cost of this service is £80 per evaluation and, for example, from October 2012 to March 2014 185 jobs were evaluated at a total cost of £14,800. This does not include the amount of officer time which is spent preparing posts for evaluation.
- 3.3 NGA Ltd, who are assisting the council with this review, have conducted an assessment of schemes used in local government which are compliant with equal pay and single status requirements. The most widely used scheme is the Greater London Provisional Council (GLPC) Scheme, now owned by London Councils.
- 3.4 The GLPC scheme was developed and agreed with the Equal Opportunities Commission and trade unions in London and launched in 2000. It reflects best practice and complies with single status.
- 3.5 The GLPC scheme could be administered either manually or online, at the following cost:

Method	Requirements	Costs	Total
(i) Manual GLPC scheme	Licence from London Councils JE scheme training for HR staff	£5,000 one-off payment Two-day on-site training by London Councils: £1,800	£6,800 in yr 1 only
(ii) Online GLPC scheme (NGA Ltd are licensed by London Councils to host the software for this scheme)	Initial licence fee to Northgate Local systems development Annual maintenance and support JE scheme & IT systems training for HR staff	£15,440 one-off payment 3 days @ £875 pd one-off payment = £2,625 £2,911 pa Two-day on-site training by NGA Ltd: £2,500	£23,476 in yr 1, £2,911 pa thereafter

- 3.6 The online version is quicker to use but more expensive to operate, including annual maintenance and support fees. The set-up costs for the manual version are a third of the on-line version's, and there is no further cost thereafter.
- 3.7 The introduction of job families would reduce job evaluation costs as it would no longer be necessary to devise and evaluate individual job descriptions, of which there are approximately 800 at present. In the future, a far smaller

number of role profiles (estimated by NGA at 60-72) would be subject to an evaluation process.

b) Completion of this Review

- 3.8 An outline project plan is attached at Appendix 1. A summary of the work to be done is as follows:

Develop role profiles

- 3.9 Each job family contains role profiles which have different levels of responsibility. They set out the generic purpose of the role; activities performed and the skills, knowledge etc needed by the post holder to perform the job. Role profiles are not as detailed as job descriptions and are written to cover many roles, which may be in different Directorates.
- 3.10 As described above, drafting role profiles proved a sticking point in 2014, when most managers were unable to make a commitment to help in their development. A less onerous alternative has now been identified.
- 3.11 NGA have accumulated a portfolio of role profiles after implementing job families in other local authorities. These 'off the shelf' documents can be issued to DMT members who would only need to check and, if necessary, amend them to ensure that they are fully appropriate for Thurrock. It is estimated that 60-72 role profiles will need to be agreed in order to cover all types of work in the council.

Allocate job descriptions to role profiles

- 3.12 HR have already undertaken a provisional allocation of existing job descriptions to job families. This allocation now needs to be finalised and each job description should then be assigned to a role profile.

Evaluate role profiles

- 3.13 Each of the new role profiles will be evaluated. This will determine the relative 'value' of each role and will help shape the most appropriate pay and grading structure.

Design a new pay and grading structure

- 3.14 The Equality and Human Rights Commission (EHRC) deem long and overlapping pay grades to be 'high risk practices' as they can result in discrimination the grounds of gender¹.
- 3.15 They recommend 'specific justification to be provided for increments beyond six', and warn that 'it is not uncommon for those at the bottom of an

¹ <http://www.equalityhumanrights.com/private-and-public-sector-guidance/employing-people/equal-pay/checklists-equal-pay-in-practice/19-high-risk-grading-and-pay-practices>

overlapping scale to be undertaking work of greater value to those at the top of the lower scale’.

3.16 NGA have provided examples of how Thurrock’s current pay structure could be modified to comply with the EHRC’s advice. They include:

- 9 bands, each with 6 pay points
- 9 bands, each with 6 pay points plus a 3-point ‘contribution zone’ to reward exceptional performance

3.17 As indicated in 4.6, the most appropriate pay and grading structure can be designed only after role profiles have been evaluated.

Assimilate staff into the new pay and grading structure

3.18 A pay point within a role profile will be determined for every employee. An equality impact assessment will then be undertaken and adjustments made to the pay point and/or grading structure, as necessary. Employees will then be notified of their pay point and will have the right of appeal if they do not agree with it. Assimilation onto the new structure will then take place.

4. Reasons for Recommendations

4.1 To ensure an up-to-date, best practice pay and grading structure which is approved by the GLPC, trade unions and the former Equal Opportunities Commission.

4.2 To help enable more accurate comparisons between Thurrock’s pay system and those of other local authorities.

4.3 To cut job evaluation costs by at least 50%.

5. Consultation

5.1 Consultations with management in 2014 are summarised in 2.3 above.

5.2 This report was discussed at Directors’ Board on 27th January 2015, where recommendations 1.1 and 1.2 above were agreed. DB asked for 1.1 to be put before GSC for their approval.

5.3 GSC met on 9th March 2015 and approved the recommendation 1.1.

5.4 Thurrock’s trade unions were consulted on 4th March 2015. Noting that trade unions and the EOC had contributed to the implementation of the GLPC’s job evaluation scheme (see 3.3 above), they had no objection to its use in Thurrock. The unions were also reassured that they would be consulted regularly about the review as it progressed.

6. Impact on corporate policies, priorities, performance and community impact

If approved, this pay review would be instrumental in determining matters relating to pay, such as grading, performance and market supplements.

7. Implications

7.1 Financial

Implications verified by: **Sean Clark**
Head of Corporate Finance

The costs of past and future involvement by pay specialists NGA Ltd were authorised, and paid for in full, in 2014. The only additional costs in 2015/16 would be those associated with the adoption of the GLPC job evaluation scheme, as outlined in Section 3 above.

Switching to job families should represent an on-going, annual saving of at least 50% in job evaluation fees.

7.2 Legal

Implications verified by: **Chris Pickering**
Principal Solicitor: Employment and Litigation

It is important to move to a new pay and grading structure as soon as possible in order to help safeguard the council from the risk of equal pay claims, as outlined in Section 2.1 above.

Adopting a new job evaluation scheme such as the GLPC's, which has been approved by the trade unions and the former Equal Opportunities Commission, will help to ensure that pay and reward at Thurrock is legally compliant.

7.3 Diversity and Equality

Implications verified by: **Teresa Evans**
Equalities and Cohesion Officer

Switching to the GLPC job evaluation scheme as part of this pay review would address the EHRC's concerns outlined in 3.13 and 3.14 above, and move Thurrock towards a best-practice system.

7.4 **Other implications** (where significant) – i.e. Staff, Health, Sustainability, Crime and Disorder)

All council employees on single status conditions would have their grade and pay reviewed as part of this process.

8. **Background papers used in preparing the report** (including their location on the council's website or identification whether any are exempt or protected by copyright):

- Report by NGA Ltd

9. **Appendices to the report**

Appendix 1: Outline project plan

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