



Item No.

16

Ward/s

Name of Group:	CABINET
Meeting Date:	19 December 2006
Directorate:	People Planning & Regeneration
Corporate Manager:	Howard Crabtree
Cabinet Meeting Date	19 December 2006
Agenda Status:	Public

Report Title	Approval of Pay & Grading Structure
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Key Decision	YES
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1. Recommendations

1. That the report be noted.
2. That the draft Terms of Reference for a Pay and Grading Review Committee to agree the final recommendations of the Project Board are brought to a future meeting.
3. That at the next Council Meeting (22/1/07) a short presentation is made to Councillors to explain the Pay and Grading Review

2. Summary

The 2004 Joint Agreement between trade Unions and the National Employers provides for local pay reviews to be completed and implemented by April 2007. This effectively would conclude issues of single status implementation from the original national agreement on this issue in 1997.

3. Report Background

1. The Council set up a project team to progress this work. The team commenced work in May/June 2006 and has made good progress on a very complex and time consuming piece of work.
2. The project team is a joint management and trade union team (the national agreement specifies the need for local joint working). A project board is sponsored by the Corporate Manager HR and chaired by the Portfolio Holder (People/Performance)
3. The current project timetable is attached at Appendix A. This has recently been reviewed and approved by the project board. The logistics of completing some 500 separate job evaluations and ensuring these are adequately checked and moderated has meant that an April 2007 implementation date is not possible. A number of Councils will fail to meet the 01/04/07 deadline and all Councils are facing uncertainty in progressing this work whilst an appeal against a recent Employment tribunal decision is heard by the EAT in January 2007.
4. However, the project team are making good progress and the new timescale is a reflection of a controlled approach and not unintentional slippage.
5. This delay has meant initial financial information expected in September from evaluating benchmark jobs will not now be available until December. The purpose of this information is to support decision making on the 2007/8 budget. The outcome of this project is a major factor.
6. The Council has already made provision of £740k to be considered for the 2007/8 budget to fund the costs of implementation. It is not yet known whether this will be sufficient, the completion of initial pay modelling in December will help determine whether this is the case or not.
7. A number of factors will need consideration when the budget implications are identified. These are:
 - Any Equal Pay liabilities and the period of back pay required to resolve these
 - Protection for any staff whose grade/pay is reduced, and the duration of that protection
 - The cost of upgrading staff whose pay increases
 - The split between the HRA and General Fund
 - The potential to capitalise the cost of back-pay. The Local Government Employers Association have recently written to the Government requesting that this be allowed and an answer is awaited.
 - The potential for phasing in the outcomes of the review over one or more financial years
 - Implementing the scheme for lower grades first
8. Constitutionally final decisions on the outcome of the review (which will be subject to a Trade Union ballot) will need to be put to a special Pay and Grading Review Committee, the terms of reference for which need to be drawn up shortly in order that this can be established.
9. It is also proposed that a short presentation is made to January Council to explain the review for information.

4. Options and Evaluation of Options

As the review progresses the Project Board will evaluate all the options identified in order to determine an appropriate pay and grading structure for the Council and the means to finance the implementation of any changes proposed. A number of potential options are listed in the section above.

The Project Board will assess legal, financial and industrial relations risks associated with the Pay and Grading Review as there will be a major factor in the evaluation of final options

5. Resource Implications (including Financial Implications)

The resources required to manage the project through 2006/7 have been identified. At its meeting of 3/7/06 Cabinet agreed £112,000 funding to meet the costs of undertaking a programme to evaluate approximately 500 Council jobs and design an appropriate salary structure from the results. This was in addition to the £60,000 project management and administration already allocated in the 2006/7 budget. As at the 1/12/06 the estimated full year cost of the project is £163,000. Initial provision has been estimated of £18,000 for project implementation costs in 2007/8. The ongoing implications will have to be considered as part of the budget process for 2007/08 and later years. These do not cover the costs to the paybill as described in section 3 above.

6. Risk and Opportunity Issues

There are a number of risks associated with implementation. These can be summarised as follows:

- i. Financial; the cost to the Council of funding implementation including resolving any equal pay issues, back pay and protection for those whose salaries are reduced as a result of the exercise
- ii. Industrial / Employee Relations; Acceptability of the final proposals to staff and the disruption that could occur even following a 'yes' vote, if there are sufficient numbers of employees unhappy with their pay and grade
- iii. Legal; a number of important tribunal cases have had a significant impact on both Councils and Trade Unions as they appear to affect the ability of both parties to reach a negotiated settlement. One of these cases is being appealed by a Trade Union in February 2007. All Councils face the risk of potential equal pay claims both prior to and following an agreement.

However there is a major opportunity for the Council to put in a new pay structure for its staff ensuring that pay reflects more closely the level of work undertaken and that the Council's pay structure is equality proofed.

7. Consultees (Internal and External)

Internal	Trade Unions and Employees
External	

8. Compliance Issues

A: How Proposals Deliver Priority Outcomes

Recovery Plan
Build Management Capacity to Drive Cultural Change
Corporate Plan
Linked to the requirement to improve overall organisational performance. A sound pay and grading structure for all employees underpins this.

B: Other Implications

Other Strategies
HR Strategies

Finance Comments

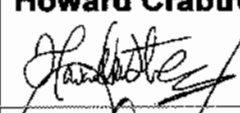

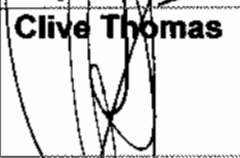
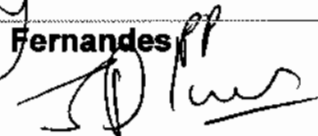
Legal Comments

Crime and Disorder Issues
None

Equality Impact Assessments
An EIA will be required on the final grade structure to ensure it is equality proofed.

9. Background Papers

Title	Description	Source
Pay & Grading Review – Implementation Resources	Resources required to deliver project	Cabinet 3 July 2006

Name	Signature	Date	Ext.
Author	Howard Crabtree 	11/12/06	7377
Corporate Manager	Howard Crabtree 	11/12/06	7377
Director	Clive Thomas 	11/12/06	
Monitoring Officer or Deputy (Key decision only)	Francis Fernandes 	15.12.06	7335
Section 151 Officer or Deputy (Key decision only)	Bill Lewis 