



CABINET REPORT

Report Title	PAY AND GRADING
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AGENDA STATUS: PUBLIC

Cabinet Meeting Date:	03 March 2008
Key Decision:	NO
Listed on Forward Plan:	YES
Within Policy:	YES
Policy Document:	NO
Directorate:	Chief Executive
Accountable Cabinet Member:	Cllr Woods / Cllr Hoare
Ward(s)	All

1 Purpose

- 1.1 To note the latest position with regard to Pay and Grading and to request further report from the Chief Executive on negotiations with the relevant Trade Unions on the implementation of Pay and Grading.
- 1.2 To endorse management action to date on this matter.

2 Recommendations

- 2.1 Cabinet is recommended to note that as a result of a review Management and the relevant Trade Unions have agreed the following:
 - 2.1.1 that the current work on Pay and Grading should not be implemented as planned from 1st April 2008;
 - 2.1.2 to negotiate on equal pay claims which are outstanding, with the intention to agree the appropriate resolution of these claims by 30th April 2008;

- 2.1.3 to negotiate and agree a new process to ensure that the Council complies with national agreements on job evaluation by 1st April 2009, such process to include consideration of the appropriate technical method, which posts fall into the scope of the job evaluation scheme, arrangements for posts outside that scope, protection arrangements, implementation date and affordability.
- 2.2 Cabinet are recommended in noting the action taken to endorse that action and to request further reports as appropriate on negotiations with the relevant Trade Unions on the implementation of Pay and Grading.
- 2.3 Cabinet are requested to delegate to the Chief Executive all necessary action required to enable progress to be made on job evaluation as quickly as possible.

3 Background

- 3.1 The largest part of the Council's workforce is covered by the national agreements commonly referred to as "Single Status".
- 3.2 The Council is, like all employers, subject to legislation requiring the enactment of Equal Pay arrangements.
- 3.3 Under the Single Status regime it has been agreed that the Council will establish a method for evaluating jobs on a consistent basis and apply this scheme to all posts covered by the Single Status agreements.
- 3.4 Under the law, the Council's obligations to ensure equal pay apply to all employees and not just to those covered by the Single Status agreements.
- 3.5 The Council has been evaluating jobs using one of the nationally recognised job evaluation schemes. The Council had previously stated the intention of implementing new pay and grading from 1st April 2008, which in itself is an extension of previous proposed dates.
- 3.6 The process of job evaluation has been a joint process involving management and unions.
- 3.7 Equal Pay claims have been received from some employees and discussions on these have been held over an extended period. Details of these cases cannot be discussed by Cabinet in public session

4 Review of Pay and Grading

- 4.1 As part of the programme for implementing Pay and Grading as planned, Management Board discussed the position with Pay and Grading in early December 2007 following completion of most evaluations. It became clear that there was a risk that the current result of job evaluation would not enable the Council to achieve equal pay and thereby did not help the Council in achieving its legal obligations, and could be open to legal challenge.

- 4.2 It was decided to have an expert review of this position. Management Board commissioned that review and the results were presented to the Chief Executive and then to the Chief Executive and the relevant trade unions. This review confirmed the concerns expressed by Management Board. When it was discussed with GMB and UNISON, the Unions felt it also reflected their concerns.
- 4.3 Problems have been discovered in the way that the job evaluation process was set up near the beginning of this project and thereby in the way that evaluation has been conducted. The effect of these problems has only become apparent as it has been possible to see the overall effect of the evaluations scheme. This was not possible until very recently.
- 4.4 There are three tests that need to be applied to the output of job evaluation. Firstly, the output must be capable of assuring equal pay. Secondly, the result must be affordable. Thirdly, the result must be capable of implementation without unreasonable risk of service disruption.
- 4.5 Having considered the position, it is clear that the product of job evaluation cannot be regarded as being capable of assuring equal pay, and that any attempt to implement the work as it stands would be highly disruptive to staff and leave the Authority open to legal challenge. Whilst in theory there is an affordable way of implementing the work to date, this is without taking into account the costs of challenges.
- 4.6 Following discussions with the two unions involved, UNISON and GMB, including Regional Officer support, an agreement has been reached about the way forward. This is as follows :
- The current work on Pay and Grading should not be implemented as planned from 1st April 2008. This will mean that employees will not see any product from job evaluation (increase or decrease) on 1st April.
 - That management and Unions will negotiate on equal pay claims which are outstanding, with the intention to agree the appropriate resolution of these claims by 30th April 2008. This will mean reopening some concluded discussions and seeking a new agreement in these cases.
 - That management and Unions negotiate and agree a new process to ensure that the Council complies with national agreements on job evaluation by 1st April 2009.
 - These further discussions will need to address the technical method to correct the current position and will most likely involve starting the job evaluation process from scratch as many of the technical flaws date back to early stages in the process to date.
 - These discussions will also need to determine which posts fall into the scope of the job evaluation scheme.
 - The Council will need to address arrangements for posts outside that scope, in order that it can demonstrate equal pay in all areas of operation.

- Other points of discussion and negotiation include protection arrangements, implementation date and affordability.
- 4.7 Cabinet will need to keep General Purposes Committee informed about the process being implemented. The Chair of General Purposes Committee has been advised of this report.
- 4.8 Subject to Cabinet, management and Unions will take the necessary steps to move forward and report further to Cabinet as appropriate.
- 4.9 In order that progress is made rapidly, Cabinet is requested to delegate to the Chief Executive the authority to take all necessary decisions to progress job evaluation in the Council.

5 Implications (including financial implications)

5.1 Policy

- 5.1.1 This report is within the Council's policy.

5.2 Resources and Risk

- 5.2.1 The 2008/9 budget includes an earmarked Pay and Grading reserve of £800,000. This reserve will need to be drawn upon to fund the work necessary to effect job evaluation and related pay and grading issues outlined in this report. The amount needed to implement job evaluation will need to be kept under review and affordability will be a key issue in negotiations.
- 5.2.2 There is a risk of challenge to the Council because Pay and Grading is not to be implemented on 1st April 2008. However there is also a very high risk of challenge if the Council were to implement an inadequate scheme which did not achieve equal pay.

5.3 Legal

- 5.3.1 The expert evidence on the current work on Pay and Grading indicates that the scheme was not applied correctly. Any attempt by the Council to implement this scheme on the work as it currently stands would expose the Council to legal challenge in itself. Further, the scheme if implemented as it currently stands may end up building inequalities into pay structures and expose the Council to equal pay claims further down the line. In effect the scheme could end up creating the very inequalities that it was seeking to eradicate. Whilst delaying implementation will have some risks associated with it, including a further accrual of equal pay rights the balance of legal risks rests firmly in favour of the way forward proposed in this report.

5.4 Equality

- 5.4.1 All steps proposed in this report will be carried out with due regard to the Council's equality policies and requirements of legislation.

5.5 Consultees (Internal and External)

- 5.5.1 Accredited representatives of GMB and UNISON locally and regionally have been consulted on this report and local representatives have seen and agreed the recommendations of a version of this report. The report has been slightly amended subsequently but the recommendations remain the same.

5.6 How the Proposals deliver Priority Outcomes

- 5.6.1 The proposals enable the Council to move forward with its obligations.

6 Background Papers

- 6.1 None

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