

Agenda Item 5

TRAFFORD COUNCIL

Report to: Employment Committee
Date: 15th December 2014
Report for: Decision
Report of: Acting Director of HR

Report Title

Proposed Changes to the Pay and Grading Structure

Summary

This report provides details of the proposed changes to the pay structure, to ensure compliance with equal pay legislation, with minimum disruption to current arrangements.

Recommendations

- 1. To agree the proposed changes to the pay structure and the introduction of a new grade band that spans the current Band 12 and SM4C;**
- 2. To note the intention to streamline Director level grades in SM3;**
- 3. To agree to the implementation and pay protection arrangements for those employees affected by the proposed changes as outlined in section 5.**

Contact person for access to background papers and further information:

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Background Papers:

Relationship to Policy Framework/Corporate Priorities	These proposals align with the council's Corporate Priorities in respect to 'Low Council Tax and Value for Money' and 'Reshaping Trafford Council'.
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Financial	Minimal financial impact as we are re-aligning current pay grades and evaluating as posts change under Reshaping Trafford.
Legal Implications:	The implementation process will be fully compliant with employment and equalities legislation.
Equality/Diversity Implications	An Equality Impact Assessment is being undertaken in line with the Equality Framework.
Sustainability Implications	None
Staffing/E-Government/Asset Management Implications	The introduction of the new salary band that spans current Band 12 and SM4C will enable senior jobs to be designed with a degree of flexibility, to attract and retain suitably-experienced and skilled staff to assist with the Reshaping agenda.
Risk Management Implications	Equal pay risks are mitigated with the introduction of the revised pay structure associated with these proposals.
Health & Wellbeing Implications	None
Health and Safety Implications	None

1. BACKGROUND

- 1.1 In the context of the rapidly changing landscape of local government with emerging delivery models in response to the squeeze on public finances, local authorities are facing the ever increasing need to do more with less.
- 1.2 Coupled with public perceptions of pay in the public sector following on from the Hutton review of fair pay in March 2011, and the need for transparency in pay and reward structures, a fair and equitable pay structure, in line with equal pay legislation, is also essential to mitigate the risk of potential costly challenge.
- 1.3 This report sets out the proposed approach to introduce a more streamlined approach to the pay structure for Trafford, to ensure that we comply with the requirements of flexibility and fairness in public sector pay and one that is equal pay compliant with the introduction of further equality legislation in the Equality Act 2010 (Equal Pay Audits) Regulations 2014.
- 1.4 Inequalities currently exist in the pay structure due to the nature of overlapping grades. This has not yet been addressed as we have been dealing with resolving equal pay claims. Given that these have now been addressed, it is now timely to put the pay structure into a more streamlined arrangement with minimal impact on budget and the workforce.

- 1.5 Reviewing the pay structure has also presented us with an opportunity to bridge the gap between the current top of Band 12, £42,957* and the bottom of the senior management salary SM4C £48,100* (both salaries effective from 1st January 2015) and to consider a more streamlined approach to the Director level grading structure.
- 1.6 The new pay structure will assist us as we reshape the Council to ensure that we take full advantage of all available remuneration strategies to recruit and retain key staff, as jobs are redesigned to enable us to meet the challenges of the future through the development of new delivery models and partnerships.

2.0 CURRENT POSITION

Pay and grading structure

- 2.1 Trafford's current pay structure from Bands 1 to 12; and senior management and Director-level grades is attached at Appendix 1 and has been in place since the implementation of harmonised terms and conditions under the Single Status Agreement.
- 2.2 The pay structure from Bands 1 to 12 follows the National Joint Council (NJC) pay spine and is subject to collective bargaining at national level, adopting changes to pay levels as negotiated.
- 2.3 It can be described as a combination of narrow bands comprised of mainly four and three incremental grades which sit within a vertical hierarchy with some access to career grades particularly in the Social Work field where progression through the grade threshold is linked to attainment of qualifications, evidence of competence and panel assessment.
- 2.4 There are 12 pay bands overall and each grading Band from 4 to 12 has an overlapping number of levels, with Band 11 being subsumed completely within Bands 10 and 12; thus having no separate and discrete identity.
- 2.5 The senior management structure currently comprises of 3 grades SM4 A-C and there is no change to this arrangement.
- 2.6 Director level posts are currently graded on SM3 level where there are 13 overlapping grades in a salary range of £68,241 - £83,989.
- 2.7 The risk of challenge has always been present with the nature of overlapping pay bands that are not considered to be good practice and can lead to dissatisfaction.

Job evaluation

- 2.8 We have a two tier system of job evaluation in place, that allocates jobs, once assessed, into the organisational hierarchy within the current pay bands, according to the points awarded. The National Joint Council (NJC) JE scheme is used to evaluate jobs in grading Bands 1-12 and the HAY evaluation scheme is used for all senior positions above Band 12.

3.0 EQUAL PAY COMPLIANCE

- 3.1 A high-level equal pay audit has been undertaken in line with the Equality and Human Rights Commission (EHRC), to assess where our current approach with overlapping grades poses the most risk in terms of indirect discrimination.
- 3.2 The analysis demonstrates that there is a disproportionate spread of men and women who could bring equal pay challenge in a number of bands where there is an overlap.
- 3.3 It is important that any new pay structure is compliant with the principles of equal pay to ensure that we have a non-discriminatory pay system that can explain why there may be differentials in pay between men and women who do 'equal work'.

4.0 FUTURE PAY STRUCTURE

Considerations

- 4.1 In designing a new pay structure, there is a balance between what the total pay envelope is, and what we can reasonably pay to attract and retain the highest quality of employee.
- 4.2 Given recent changes implemented to staff terms and conditions, any changes we make to the pay structure needs to be taken in cognisance of the impact of any perceived and real reduction in pay. Our employees' motivation is key to ensuring that we achieve improved service delivery models so any changes in the pay arena needs to be balanced against potential threat of morale reduction and poor employee relations.

Spanning the gap between senior management salary scales

- 4.3 Currently, there is a £5143 gap between the top of the current Band 12 pay scale - £42,957 and the bottom of the senior manager salary structure SM4C £48,100. Most third tier posts and Heads of Service are in the SM4 salary

range and introducing a further salary grade would provide us with some flexibility to attract and retain high quality candidates as we reshape and design different delivery models.

Pay structure design

- 4.4 Given all of the considerations outlined in the report, a new pay structure has been developed and attached at Appendix 2. This pay structure is linear and has no overlapping pay scales, which is important in meeting equal pay compliance.
- 4.5 In proposing the new pay structure, an analysis has been undertaken based on current pay levels of employees per grade to assess where the greatest impact of pay change will be. There are no substantial changes proposed to the pay structure for Bands 1-3.
- 4.6 For Bands 4 to 10, there is a higher entry level to the new pay scales proposed with no financial impact at the top of band. On pay structure implementation, and, as employee's progress through incremental progression, the bottom points in each scale will be phased out.
- 4.7 The area for greatest pay change is at current Bands 11 and 12 and the table below shows the current pay structure at these levels and the proposed new pay structure:

NEW PAY STRUCTURE w/e/f 1.1.15			CURRENT PAY STRUCTURE incl. pay award								
	Scp	Salary									
9	39	£33,857									
	40	£34,746									
	41	£35,662									
	42	£36,571	10	£36,571	42						
10	43	£37,483		£37,483	43						
	44	£38,405		£38,405	44	11	44	£38,405			
	45	£39,267		£39,267	45		45	£39,267			
11	46	£40,217					46	£40,217	12	46	£40,217
	47	£41,140					47	£41,140		47	£41,140
	48	£42,053								48	£42,053
	49	£42,957								49	£42,957
12	50	£43,882									
	51	£44,807									
	52	£45,732									
	53	£46,668									

- 4.8 Currently, Band 11 has no discrete identity, spanning points 44-47 and being completely subsumed within the same spinal column points within Bands 10 (42-45) and 12 (46-49). In the proposed new linear pay structure, this band will be replaced and span points 46-49.
- 4.9 The post holders currently in Band 11 (SCP 44-47, of which there are currently 38) will be subject to an assessment of their role either in a job evaluation programme or as part of an organisational review process, if scheduled.
- 4.10 A new Band 12 has been introduced (SCP 50-53) to alleviate the gap between the top of Band 12 and the bottom of SM4C. A separate job evaluation exercise will take place to determine if posts in the current Band 12 would fall into the new higher grade band.

Director level pay structure

- 4.11 Currently, there are 13 grading bands within the Director level SM3 pay structure, which overlap. The proposal seeks to streamline the pay bands into three separate bands each with a discrete salary range.
- 4.12 The introduction of a linear grading profile at this level will again provide some flexibility as services reshape and jobs are redesigned; in addition, it will also reduce equal pay challenge. At the time of discussions, no post holders will be adversely affected by this streamlining exercise.

5.0 IMPLEMENTATION

- 5.1 Consultation has taken place with the Trade Unions on proposed changes to the pay structure, with a view to reaching a collective agreement. UNISON has provided written confirmation that they are happy with the proposal. Verbal agreement has been provided by GMB and we are awaiting written agreement.
- 5.2 It is proposed that the posts currently at Band 11 will be reviewed and / or redesigned if they are part of the Reshaping Trafford transformation and / or budget proposals programme.
- 5.3 Those Band 11 posts, which are not part of a Reshaping Trafford / budget proposals review, will be subject to an evaluation exercise between January and September 2015, to determine the appropriate grade for the post.
- 5.4 For those jobs that on assessment fall into the higher band, the new grade will be applied straight away. For those jobs assessed as being in the lower band, pay protection will apply; the same effective date for the

commencement of pay protection will apply to all posts assessed as being in the lower band and this is likely to be 1st September 2015 (subject to the completion of the evaluation process).

- 5.5 All new appointments will be made on the new pay structure with effect from 1st April 2015 and the old Band 11 will be phased out.
- 5.6 As a separate exercise, we will also look at current Band 12 posts to assess whether they should move into the new Band 12.

6.0 RECOMMENDATIONS

- 6.1 To approve the introduction of the new pay and grading scale that meets equal pay compliance and removes overlapping grades.
- 6.2 To approve the implementation arrangements to evaluate all current posts affected by the new pay structure.
- 6.3 To offer pay protection for a maximum period of 12 months, for all posts that fall into the lower grade band following evaluation.
- 6.4 To review the current Band 12 cohort to determine where these jobs should be placed in the new pay structure.
- 6.5 To note the intention to streamline SM3 grades.

CURRENT PAY BANDS AS AT DECEMBER 2014

APPENDIX 1

2013/14 Pay Bands			
4			£12,266
5			£12,435
6	1		£12,614
7			£12,915
8			£13,321
9			£13,725
10			£14,013
11	2		£14,880
12			£15,189
13			£15,598
14			£15,882
15			£16,215
16			£16,604
17	3		£16,998
18			£17,333
19			£17,980
20			£18,638
21		4	£19,317
22			£19,817
23			£20,400
24			£21,067
25	5		£21,734
26			£22,443
27			£23,188
28		6	£23,945
29			£24,892
30			£25,727
31	7		£26,539
32			£27,323
33			£28,127
34			£28,922
35			£29,528
36		8	£30,311
37			£31,160
38			£32,072
39	9		£33,128
40			£33,998
41			£34,894
42			10

43			£36,676
44			£37,578
45	11		£38,422
46			£39,351
47		12	£40,254
48			£41,148
49			£42,032

NEW PAY STRUCTURE WITH EFFECT FROM 1 JANUARY 2015

APPENDIX 2

Band	SCP	Annual FTE
1	6	£13,614
	7	£13,715
	8	£13,871
	9	£14,075
	10	£14,338
2		£15,207
	11	
	12	£15,523
	13	£15,941
	14	£16,231
	15	£16,572
3	17	£17,372
	18	£17,714
	19	£18,376
	20	£19,048
	21	£19,742
4	22	£20,253
	23	£20,849
	24	£21,530
	25	£22,212
	26	£22,937
5	27	£23,698
	28	£24,472
	29	£25,440
6	30	£26,293
	31	£27,123
	32	£27,924
7	33	£28,746
	34	£29,558
	35	£30,178
	36	£30,978
8	37	£31,846
	38	£32,778
	39	£33,857
9	40	£34,746
	41	£35,662
	42	£36,571
	43	£37,483
10	44	£38,405
	45	£39,267
	46	£40,217
11	47	£41,140
	48	£42,053
	49	£42,957

12	50	£43,882
	51	£44,807
	52	£45,732
	53	£46,668

SENIOR MANAGER SALARIES		
SM4 C	54	£48,100
	55	£49,408
	56	£50,714
	57	£52,022
	58	£53,330
SM4 B	59	£55,421
	60	£56,727
	61	£58,034
	62	£59,341
	63	£60,650
SM4 A	64	£61,695
	65	£63,000
	66	£64,308
	67	£65,615
	68	£66,923

Proposed SM3 pay structure		Current SM3 pay scales							
68241.00	SM3C	Point	1	68241.00	SM3A				
69291.00		2	69291.00						
70340.00		3	70340.00						
71390.00		4	71390.00						
			5	72440.00					
73490.00	SM3B		6	73490.00	SM3E				
74540.00		7	74540.00						
75590.00		8	75590.00						
76640.00		9	76640.00						
			10	77690.00					
79789.00	SM3A		11	78739.00	SM3I				
80839.00		12	79789.00						
81889.00		13	80839.00						
82938.00		14	81889.00						
			15	82938.00					
			16	83989.00	SM3M				