

Chichester District Council

THE CABINET

8 January 2019

Corporate Pay Review

1. Contacts

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2. Recommendation

- 2.1 That the Cabinet recommends the proposed New Reward Scheme (NRS) to the Council for adoption with effect from 1 April 2019.
- 2.2 That the Cabinet recommends that the Council approves the budget allocation of £303,500 per annum to support the NRS, funded by the £300,000 annual budget that has previously been set aside to support the pay review, with the £3,500 shortfall added to the revenue base budget 2019-2020.
- 2.3 That the Cabinet recommends that the Council approves the release of up to £360,600 from previously earmarked reserves to fund salary protection costs during the three-year period 2019-2020 to 2021-2022.

3. Background

- 3.1 At their meeting on 6 September 2016 the Cabinet considered a report setting out options available to Chichester District Council in response to an analysis of its pay grading structure, benchmarking of salaries and recruitment and retention trends in recent years.
- 3.2 Cabinet approved the option of a comprehensive review of posts on a service by service basis. The review would consist of two phases. The first phase was to undertake a job evaluation process for each separate role. The second phase was to analyse the evaluations and work with the Hay Group to provide a revised grading model.
- 3.3 The internal evaluation process was carried out to ensure that roles were evaluated fairly and consistently across the council, thereby ensuring that roles of equal value receive equal pay. The process ran from August 2017 to August 2018, and required the creation of new job profiles for every job role. These job profiles were evaluated using twelve staff who were trained by the Hay Group in the application of the scoring system. Each role was then evaluated by a panel of three evaluators, all of whom were independent to the role and service. The results of all panels were subject to an internal quality check before finally being reviewed by the Hay Group.

3.4 The revised grading structure was then developed with the aim of addressing recruitment and retention issues. Benchmarking analysis, coupled with known external recruitment difficulties, helped inform the development of a briefing document. This document was prepared in consultation with the Staff Side and defined the expectations and constraints for a new pay structure. The proposed NRS has been developed in response to that brief.

4. Outcomes to be Achieved

4.1 A fair and consistent pay structure that rewards equal work with equal pay.

4.2 A pay structure that achieves the living wage.

4.3 A new reward structure that helps to recruit and retain staff to further improve the delivery of Chichester District Council services.

5. Proposal

5.1 In developing a new grading structure consideration had to be given to how much change Chichester District Council was willing to accept. The key decisions were:

5.1.1 Change should be kept to a minimum. The primary aim is to ensure that we are continuing to pay staff fairly through equal pay for equal work, rather than to create unnecessary upheaval through changing everybody's salary.

5.1.2 Once equal pay for equal value work has been addressed, the additional budget should be used to address the issues flagged by benchmarking and recruitment.

5.2 A new grading structure has now been developed that meets the specific needs of this Council. A summary of the changes to the existing structure can be found below.

Old Structure 1 April 19 (incl Cash Alt)			New Structure 1 April 19			Grade Differential 1 April 19	
Grade	Floor	Ceiling	Floor	Ceiling	Grade	Floor Change	Ceiling Change
1/2	£17,364	£19,171	£17,364	£19,171	A	£0	£0
3	£19,554	£21,166	£19,945	£21,166	B	£391	£0
4	£21,589	£23,836	£22,021	£23,836	C	£432	£0
5	£24,313	£26,317	£24,799	£26,317	D	£486	£0
6	£26,999	£29,636	£27,905	£30,507	E	£906	£871
7	£30,507	£33,799	£32,029	£35,934	F	£1,522	£2,135
8	£34,788	£38,813	£37,849	£41,675	G	£3,061	£2,862
9	£43,078	£47,928	£44,632	£49,416	H	£1,554	£1,488
10	£49,336	£54,120	£51,354	£55,167	I	£2,018	£1,047
11	£55,099	£61,795	£58,050	£62,867	J	£2,951	£1,072

5.3 To meet the ongoing need for a fair and consistent pay structure some staff will see an adjustment to their grade based on the evaluation process, whilst others may see changes to their terms and conditions as result of changes to the overall grading structure. A summary of all of those changes is included below. Please note these figures change regularly, but minimally, as staff turnover occurs and roles are filled on their new post-evaluation grades.

- Increases 182 (46.4%)
- Decreases 47 (12.0%)
- No Change 163 (41.6%)

5.4 As stated above 12% of staff will see a reduction in their total reward package, these staff will be subject to the Council's salary protection scheme whereby their pay will be fully or partially protected for a period of three years before fully reverting to their new terms and conditions. Please note the 12% figure was correct at the end of the evaluation process. The number of staff that will receive a reduction in their total reward package will be minimised as staff leave or roles change in the interim period.

5.5 It is important to note any reductions in pay are as a result of the evaluation process rather than as a result of the proposed NRS. All staff whose posts have been evaluated at least as high as their previous job will be paid the same, or more, in the proposed NRS than they were previously.

5.6 A total of 46% of staff will see an increase in their overall reward package. This could be as a result of their role being evaluated higher, so moving up one grade or two, or they may have been evaluated at the same level as before but the pay ceiling on their grade has increased as a result of the NRS.

5.7 A copy of the overall grading structure, including an explanatory note of the changes, can be found in appendix 1. The salary points are based on 2019-20 national pay (ie including the April 2019 2% pay award) and a comparison to the existing grading structure is included to help illustrate how staff may be affected.

5.8 If adopted, all affected staff will be written to and informed of their new terms and conditions before the end of January. Those new terms and conditions will then take effect from 1 April 2019.

5.9 Alongside the Pay Review a review of market supplements will also be undertaken to ensure that they are still relevant given the new reward structure and any recent moves in the appropriate employment markets. The results of this review will also be communicated to the relevant staff at the same time that they are informed as to the results of the pay review.

6. Alternatives Considered

6.1 £300,000 had been set aside within the annual revenue budget to support the corporate pay review. When deciding how that money could be targeted the following additional alternatives were considered.

- 6.1.1 Allocate the money evenly across the grades. This option would have ensured everyone got something, presuming their grade had remained at

least the same, but it would have failed to address the aims of the review by not addressing the recruitment and retention and benchmarking issues identified at particular grades.

- 6.1.2 Leave the underlying pay structure the same and instead only use market supplements to address specific issues. This option would have helped ease the recruitment and retention issues, but the benchmarking highlighted that Chichester had fallen behind the average public sector pay in the mid to high grades, therefore suggesting a change to the underlying pay structure, rather than a temporary fix using market supplements, was required. This option also was at risk of leaving a pay structure in place that was at risk of not being compliant with equal pay requirements.

7. Resource and Legal Implications

- 7.1 The cost to the revenue budget is estimated at £303,500 per annum. A provisional budget of £300,000 had already been included in the annual revenue budget to support the pay review, therefore an increase of £3,500 against that budgeted figure is now requested. This has been costed on the basis of all staff being at the top of their current grade and their proposed new grades, meaning there may be some variation from this figure in the short term depending on where staff members are placed within their grades. This estimate may be subject to some change as a result of any ongoing redesign of roles in the interim period, as well as any changes through the review of market supplements or from the Right of Review process where staff can appeal their proposed grades.
- 7.2 Chichester District Council's Pay Protection Scheme offers three years' full or partial protection to phase in the impact of a reduction in pay. The cost of this is estimated at £360,600 over three years to be funded from earmarked reserves (£160,300 in 2019-20, £120,200 in 2020-2021, and £80,100 in 2021-2022). This represents the worst case scenario as the costs will reduce if any affected staff leave during the three year period.
- 7.3 Chichester District Council have agreed with the Staff Side and Unison to vary staff contracts by way of a collective agreement, whereby nominated representatives formally signed the agreement on behalf of the workforce. This approach was the preferred option for all parties and minimises the amount of disruption and uncertainty for staff. By signing this agreement all sides were recognising that the process has been robust and fair both in terms of approach and its application.

8. Consultation

- 8.1 Staff and members have been kept informed of progress throughout the review. Regular updates have been provided through staff briefings, reports to the Joint Employee Consultative Panel and regular meetings with staff and Unison representatives.
- 8.2 Formal 30-day consultation with the Staff Side and Unison took place during November. As part of that process staff were written to on 1 November and provided with a copy of the proposed NRS and an explanatory note of the changes. Staff were asked to review the document and provide feedback through their branch

secretaries who were tasked with collating the responses and incorporating them, where appropriate, into the formal consultation response.

- 8.3 A formal response to the consultation document was received on 29 November 2018 and subsequently Chichester District Council has worked with the Staff Side and Unison to respond to queries and negotiate a collective agreement.

9. Community Impact and Corporate Risks

- 9.1 Chichester District Council has a corporate risk (CRR8) concerning staff skills, capacity and capability. This project has been identified as one initiative that will further reduce this risk in ensuring Chichester District Council is a fair and attractive employer, and are therefore able to recruit and retain the calibre of staff required to provide a good quality service to our customers.
- 9.2 The Cabinet will, however, be aware of the uncertainty this review may have upon staff and this will need to be carefully managed during implementation.

10. Other Implications

	Yes	No
Crime and Disorder		X
Climate Change and Biodiversity		X
Human Rights and Equality Impact This process and any associated changes have been and will continue to be undertaken in accordance with Human Rights, Equality and employment law legislation. The equalities impact by gender and pay band was analysed internally, and then externally by Unison, the recognised trade union on behalf of the staff side.	X	
Safeguarding and Early Help		X
General Data Protection Regulations (GDPR)		X
Health and Wellbeing		X
Other (please specify)		X

11. Appendices

- 11.1 Appendix 1 – New Reward Structure

12. Background Papers

- 12.1 Pay Review Equality Impact Assessment – available to view in an agenda supplement
- 12.2 The Cabinet July 2017 – Pay Policy Report – available to view on the committee pages of Chichester District Council’s website
- 12.3 Staff Side and Unison Consultation Document – a confidential exempt document (Paras 1 and 2) which is available to view in an agenda supplement by members and relevant officers only