

**Report for:** Staffing & Remuneration Committee, 1<sup>st</sup> October 2018

**Title:** Implementation of the New NJC Pay Spine

**Report**

**authorised by :** Mark Rudd – Assistant Director, Corporate Resources

**Lead Officer:** Ian Morgan - Reward Strategy Manager

**Ward(s) affected:** All

**Report for Key/**

**Non Key Decision:** n/a

## **1 Describe the issue under consideration**

1.1 At the Staffing and Remuneration Committee on the 16 December 2014 it was agreed that the Modern Reward Strategy project would include, among other things, the following:

- a) A review of the Council's pay and grading arrangements.
- b) A review of all the Council's terms and conditions including allowances for all employees (except Teachers and employees on either Soulbury or NHS terms and conditions).
- c) A review of Chief Officer and Senior Managers pay and grading arrangements.
- d) The development and implementation of job families and generic role profiles.

1.2 It was further agreed that the Staffing and Remuneration Committee be kept informed of the progress of the project and that any proposed changes to employees' terms and conditions of employment to be brought back to the Staffing and Remuneration Committee for consideration and approval.

1.3 On the 14 December 2015 the Staffing and Remuneration Committee agreed to the adoption of a new Senior Managers Pay and Grading Structure with effect from 1 April 2016.

1.4 The purpose of this report is to provide an update to the Staffing and Remuneration Committee regarding the implementation of the new pay and grading arrangements for the rest of the workforce, i.e. those on National Joint Committee for Local Government Services (NJC) terms and conditions.

## **2 Cabinet Member Introduction**

Not required for Staffing & Remuneration Committee.

## **3 Recommendations**

3.1 The Staffing and Remuneration Committee to note the proposal for the assimilation to the new NJC pay spine.

3.2 The Staffing and Remuneration Committee to approve the consultation exercise regarding the introduction of the new pay and grading framework with effect from 1 April 2019.

#### **4 Reason for Decision**

4.1 This paper represents the start of the final stage of implementing the aims of the Council's Modern Reward Strategy, as agreed by the Staffing & Remuneration Committee on 16 December 2014.

#### **5 Alternative Options Considered**

This is a report back item.

#### **6 Background information**

##### 6.1 Introduction

We are currently in the first year of a two year pay deal. The agreement guarantees everyone covered by the NJC terms and conditions a minimum pay award of 2% in both April 2018 and April 2019.

In addition April 2019 sees the introduction of new pay spines both nationally and for London.

##### 6.2 Background

The current pay spine has been under severe pressure in recent years. The necessity to comply with minimum wage legislation at the lower end and the elimination of pay points below this threshold; coupled with inflexible forms of wage control at the upper end have led to the inevitable compression problems. This in turn is threatening the integrity of the central principle of the single status initiative, equal pay for work of equal value.

The current pay spine therefore has reached the end of its useful life.

##### 6.3 New Pay Spine

Both employer and employee side organisations have been working on a new pay spine incorporating the following principles.

- Compliance with minimum wage legislation nationally and the London Living Wage for the capital.
- The need to alleviate compression issues by evening the intervals between pay points.
- To be mindful of the ability of individual employers to pay for significant changes if introduced without phasing.

A new pay spine was agreed for implementation in full in April 2019.

Assimilation arrangements were also agreed and are shown in Appendix 1.

##### 6.4 New Framework

The new pay spine, however, addresses only part of the problem and importing directly into our current grading structure would only lead to further complications. Both Scale 1 and Scale 2 for example would be reduced to a single pay point.

The Council are therefore using the introduction of the new pay spine to review and revise our grading framework which will, among other things, maintain the opportunity for individuals to progress through their pay band, eliminate the overlaps between grades and give the new arrangements better longevity.

We are extending the concepts used in the senior manager review in 2016 to introduce levels and steps with career paths for both “people leaders” and “individual contributors”.

A summary of the new spinal points for Haringey is shown in Appendix 2.

A summary of the proposed new pay and grading framework is shown in Appendix 3.

## **7 Contribution to strategic outcomes**

7.1 The Modern Reward Strategy and its implementation is another step to achieving the Council’s ambition of fostering a flexible, agile workforce.

## **8 Statutory Officers’ comments (Chief Finance Officer (including procurement), Assistant Director of Corporate Governance, Equalities**

### **8.1 Chief Finance comments**

The Chief Finance Officer has been consulted on this report.

8.1.1 The report recommends that the Committee give approval for consultation to commence on the proposal to implement a new pay and grading arrangement for Haringey staff on the National Joint Committee for Local Government Services (NJC) terms and conditions in line with the objectives set out in the council’s modern reward strategy.

8.1.2 The estimated increase in the council’s pay bill arising from the implementation of the recommendation in this report is in line with the 2 year pay agreement which guarantees all staff covered by the NJC terms and conditions a minimum pay award of 2% in 2019/20.

8.1.3 In anticipation of the introduction of a new pay and grading arrangement, the MTFS agreed at Full Council in February 2018 included provision for 2% pay inflation in 2019/20. Therefore, the financial impact of this proposal has been included in the latest budget/MTFS estimates.

### **8.2 Assistant Director of Corporate Governance comments**

8.2.1 The proposals to introduce a new pay and grading framework for all Council employees (except teachers and employees on Soulbury terms and conditions) will involve the Council seeking changes to the contracts of employment of these employees.

8.2.2 Such variations made by way of agreement with the trade unions recognised by the Council will be binding on individual employees if either these employees’ contracts of employment contain a specific term binding the employee by the outcome of local collective agreements with the trade union, or if as a result of

past custom and practice it can be said that it is an implied term of those contracts that local collective agreements bind the employee.

8.2.3 If agreement cannot be reached with the trade unions over these proposals, it would be open to the Council to introduce them lawfully by seeking the agreement of individual employees to their contracts being varied in line with the proposals, and to dismissing and offering reengagement to those employees who did not agree to their contracts being so varied.

8.2.4 If the Council proposed to dismiss at least 20 employees over a period of 90 days or less then it is likely it would be under a duty to consult with the recognised trade unions before making any final decision to dismiss these employees.

8.2.5 It is likely that if the Council achieves a single pay and grading structure using one job evaluation scheme for those employees within the scope of the review that the risk of successful equal pay claims against the Council will reduce. One reason for this is that if the claimant's work and the comparator's work have been given different values following a valid, non-discriminatory and otherwise reliable job evaluation scheme, then this conclusion will be a defence to a claim that the claimant's and the comparator's jobs are of equal value.

### **8.3 Equalities comments**

8.3.1 The Council must have due regard to the need to remove or minimise disadvantages to those who share a protected characteristic as defined by the Equality Act 2010.

8.3.2 An equality impact assessment will be carried out before April 2019 to identify and enable action to be taken, in areas of potential discrimination.

## **9 Use of appendices**

Appendix 1 – Haringey Assimilation Table

Appendix 2 – Haringey New Spinal Points

Appendix 3 – New Pay & Grading Framework

Appendix 4 – Haringey Price Tag

Appendix 5 – Haringey Pay Bands

Appendix 6 – Legal Advice (This report is not for publication as it contains information classified as exempt under Schedule 12A of the Local Government Act 1972 Paragraph 5)

## **10 Local Government (Access to Information) Act 1985**

Appendix 6 is not for publication as it contains exempt information under Schedule 12A of the Local Government Act, paragraph 5, Information in respect of which a claim to legal professional privilege could be maintained in legal proceedings.

