

Report for: Staffing and Remuneration Committee

Item number: 10

Title: Implementing the Modern Reward Strategy for the Rest of the Workforce

Report authorised by : Jacquie McGeachie – Assistant Director, Human Resources & SSC

Lead Officer: Ian Morgan – Modern 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 (S&R) Committee on the 16 December 2014 it was agreed that the Modern Reward Strategy project would include, inter alia, the following:
 - 1.1.1 A review of the Council's pay and grading structure with the objective of implementing a single pay and grading structure using one job evaluation scheme.
 - 1.1.2 A review of all the Council's terms and conditions including allowances for all employees (except Teachers and employees on Soulbury terms and conditions).
 - 1.1.3 A review of Chief Officer and Senior Managers pay and grading arrangements.
 - 1.1.4 The development and implementation of job families and generic role profiles.
- 1.2 It was further agreed that the S&R Committee be kept informed of 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 The Senior Managers new pay and grading arrangements (Phase 1) was agreed by this Committee on 15th December 2015 and will be implemented with effect from 1 April 2016.
- 1.4 The purpose of this report is to provide an update to the S&R Committee regarding the proposal to apply the Principles of the Modern Reward Strategy at Appendix B which were agreed at S&R Committee on 14th September 2015 to the rest of the workforce.

2. Cabinet Member Introduction

Not required for the S&R Committee.

3. Recommendations

- 3.1. To apply the Principles of the Modern Reward Strategy to the rest of the workforce.

- 3.2. Note the contents of the Equal Pay and Conditions Review - 'Single Status' 2008 and the proposals for incorporating each element into the Modern Reward Strategy project.
- 3.3. Approve the proposal to commence negotiations with Trade Unions in relation to the implementation of the Modern Reward Strategy for the rest of the workforce.

4. Reason for decision

- 4.1. Phase 1 of the Modern Reward Strategy will go live with effect from 1 April 2016, transition arrangements have been agreed with the Staffing and Remuneration Committee and the strategy will be fully effective, including pay progression recognising Senior Managers' contribution to the Council, from April 2017.
- 4.2. The way is now clear to engage with the rest of the workforce regarding the next phase, applying the Principles of the Modern Reward Strategy; and undertake a comprehensive review of terms and conditions of employment.
- 4.3. The Modern Reward Strategy gives us the remit to negotiate with Trade Unions to reach a new collective agreement that will replace every aspect of the Equal Pay & Conditions Review – 'Single Status' 2008- and embody the Principles of the Modern Reward Strategy.

5. Alternative options considered

- 5.1. To meet the aims and objectives of the Modern Reward Strategy as agreed by S&R Committee in December 2014 it is important that we progress to the next phase of the project – the rest of the workforce.

6. Background information

- 6.1. In September 2008 the Council agreed a package of proposals with Trade Unions covering pay and conditions through the Equal Pay & Conditions Review – 'Single Status' initiative. The full document can be found at Appendix A, A1-A7.
- 6.2. The proposals contained in the Equal Pay & Conditions Review – 'Single Status' were set out as a single package with the stipulation that single items would not be negotiated separately.
- 6.3. Therefore any proposals under the Modern Reward Strategy for the pay and grading arrangements for the rest of the workforce which change any of the items in the 'Single Status' document will need to take account of each element of the package.

6.4 Summary of the Equal Pay & Conditions Review – 'Single Status' 2008

An outline of each element of the original Equal Pay & Conditions Review is set out below:

- 6.4.1 Scope – All staff including Youth workers, craft workers, former manual and officer staff, social workers, day nursery staff, support staff working in schools but excluding Teachers and Soulbury staff.
- 6.4.2 Pay Structure – The then new and old pay structures are included in the review document. The major differences were the introduction of greater flexibility to allow for

non consolidated increments to recognise good performance and an adjustment of the grade anchor points to take account of local recruitment and retention difficulties; and the adoption of a number of overarching principles regarding our pay policy and practices.

6.4.3 Range Grades – A range grade is defined by the review as a number of grades linked together. Range grades are not restricted in their application, however, they are normally suited to the following circumstances:

- Where there is scope to gain additional skills and knowledge which can be actively applied to a higher grade in the workplace.
- Where the nature of the post means there is a high variation in the skill level of applicants and the grade has been tailored to accommodate this.
- The nature of the work means that there will be scope to do work at a higher level in the future.
- The post provides a programme of learning and development where skills can be actively applied in a higher grade in the workplace.

Full criteria for range grades are contained in the original review document.

6.4.4 Job Evaluation Proposals – The review proposed to evaluate all the jobs covered by the agreement using the Greater London Provincial Councils (GLPC) methodology in three phases.

- Phase 1 to cover all Manual graded jobs, those on national based grades and those with a disproportionate gender profile.
- Phase 2 to cover the remaining jobs up to and including grade PO2.
- Phase 3 to cover grades PO3 to PO8 inclusive.

6.4.5 Job Evaluation Price Tag – The review proposed the adoption of a Haringey price tag. In other words the results of the GLPC job evaluation would be linked to job grades in a way that was unique to Haringey.

6.4.6 Job Evaluation Appeals – The review set out the circumstances under which appeals would be permitted and the process which should be followed.

6.4.7 Assimilation Arrangements – The review set out the process to be followed in assimilating individuals to their new pay and grading arrangements.

6.4.8 Pay Progression – The review proposed that pay progression for staff on all grades continue to be automatic with movement to the next increment in the pay scale each 1 April.

6.4.9 Future Evaluations – The review set out the process and methodology to be used for future evaluations.

6.4.10 Recruitment & Retention Allowance / Market Supplements – The review proposed the use of recruitment and retention allowances, and market supplements, where sufficient evidence for their use existed. It also pointed out that a difference in pay could be justified in equal pay terms provided that it is not based on gender.

- 6.4.11 Compensation Proposals – The review set out the basis of calculating compensation payments to manual graded employees.
- 6.4.12 Protection Arrangements – The review set out the circumstances in which protection provisions would be employed.
- 6.4.13 Allowance Proposals – The review outlined the proposals concerning the payment of allowances.
- 6.4.14 Notice Changes – The review proposed some minor changes to the notice arrangements in order to reduce the impact of late notifications to payroll.
- 6.4.15 Annual Leave – The review set out the proposal to harmonise annual leave entitlement.
- 6.4.16 Long Service Awards – The review set out some minor changes to the value of Long Service awards.
- 6.4.17 Reimbursement of Expenses – The review introduced the concept of reimbursement of out of pocket expenses to replace set allowances.
- 6.4.18 Car Loans – The review reinforced the Council’s stance to cease providing loans to staff for the purpose of purchasing a vehicle.
- 6.4.19 Staff Benefits – The review included the proposal to set up an affinity benefits scheme for staff to offer discounts on shopping, days out, holidays, etc.

7 Proposal to transition from the Equal Pay & Conditions Review – ‘Single Status’ 2008 to the Modern Reward Strategy

We will address each element of the Equal Pay & Conditions Review – ‘Single Status’ in turn and incorporate them into the Modern Reward Strategy as follows:

- 7.1 Scope – all Council employees (except teachers, employees on Soulbury terms and conditions and employees on NHS terms and conditions). The Council employs staff on NHS terms and conditions who were transferred to the Council under an arrangement giving protection to staff similar to that provided by the Transfer of Undertakings (Protection of Employment) Regulations 2006, when Public Health became the responsibility of local authorities in 2013.
- 7.2 Pay Structure – We will extend the pay structure used for Senior Managers to the rest of the workforce.
- 7.3 Range Grades – Range grades will be put in place to help recruitment and retention.
- 7.4 Job Evaluation Proposals – We intend to continue to use the Greater London Provincial Council (GLPC) job evaluation methodology for the rest of the workforce to establish the relative importance of roles to the organisation.

Points values will be aligned to job levels within the new framework which will replace both the existing pay scales and the Haringey Price Tag.

- 7.5 Job Evaluation Price Tag – The reasons for having a separate price tag mechanism will disappear once pay decisions are made locally.
- 7.6 Job Evaluation Appeals – we intend to introduce a new process for job evaluation that will negate the need for a separate appeal procedure.
- 7.7 Assimilation Arrangements – To be agreed as necessary with the Trade Unions with the implementation of the Modern Reward Strategy .
- 7.8 Pay Progression – The way that we manage pay progression will change. We will use the same principles as for the senior management population.
- 7.9 Future Evaluations – Future evaluations will involve the Hay Group methodology for Senior Managers (as agreed with S&R Committee) and GLPC for the rest of the workforce.
- 7.10 Recruitment & Retention Allowance / Market Supplements – we will review the need for the future use of allowances and supplements.
- 7.11 Compensation Proposals – The arrangements for compensation payments proposed by the Equal Pay & Conditions Review –‘Single Status’ were a one off arrangement to facilitate the introduction of the Equal Pay Agreement. Accordingly there will be no new compensation proposals.
- 7.12 Protection Arrangements - To be agreed as necessary with the Trade Unions with the implementation of the Modern Reward Strategy .
- 7.13 Allowance Proposal – One of the essential threads of the Modern Reward Strategy is the comprehensive review of all allowances paid to Council staff and this will continue to be one of the key deliverables.

Employee contracts will give the Council the right to discontinue, amend or introduce allowances, both standing and one off, after appropriate consultation in response to changes in, inter alia, market conditions, working practices, tax treatment, etc.

- 7.14 Notice Changes – There are no plans to change the convention introduced by the Equal Pay & Conditions Review – ‘Single Status’ in 2008.
- 7.15 Annual Leave – we have no immediate plans to change annual leave entitlements as part of the Modern Reward Strategy. The Council will review its existing arrangements to ensure they reflect best practice in this area.
- 7.16 Long Service Awards – The Council will review its existing arrangement and will take in to account any recent changes to legislation to ensure that it is fit for purpose.
- 7.17 Reimbursement of Expenses – We propose that both in employee contracts and in the policy itself the Council will reserve the right to make amendments to its policy on the

reimbursement of expenses, including travel and subsistence claims, in light of any change to Her Majesty's Revenue and Customs stance on the tax treatment of such items or of other changes.

- 7.18 Car Loans – Beneficial loans to staff, with the exception of those used to purchase travel season tickets, are no longer seen as an essential part of the benefits package and we do not foresee the Modern Reward Strategy reversing our existing stance.
- 7.19 Staff Benefits – We propose to undertake a review of staff benefits and take advantage of changes in legislation and provision of employee benefits to ensure that Haringey maintains its ability to recruit and retain staff of the right calibre and remains an employer of choice.

8. Contribution to strategic outcomes

- 8.1. The Modern Reward Strategy and its implementation gives the Council the opportunity to reinforce the importance of achieving the cultural changes set out in the Workforce Plan.

9. Statutory Officers' comments (Chief Finance Officer (including procurement), Assistant Director of Corporate Governance, Equalities)

Assistant Director of Corporate Governance Comments

- 9.1. Where a Council employee's existing contract contains a clause saying the parties are bound by the outcome of local collective bargaining with the trade unions, then the proposed new collective agreement will be legally binding on the employee, even if s/he is not a trade union member. If the employee's contract does not contain such a clause, then the proposed new collective agreement will only be legally binding on the employee if the Council has a custom and practice that the terms of collective agreements are incorporated into individual contracts.
- 9.2. In the event that the proposed new collective agreement cannot be reached the Council will need to consider what alternative lawful ways should be pursued by it to implement the Modern Reward Strategy for the rest of the workforce.

Finance Comments

- 9.3. The Chief Finance Officer has been consulted in the preparation of this report and confirms that, at this stage, there are no direct financial implications. However, as the proposals are developed the financial implications for the Council will need to be evaluated and included in any subsequent reports produced for the Committee.

10. Use of Appendices

10.1. The appendices to this paper are as listed below.

Appendix A – Equal Pay & Conditions Review –‘Single Status’ (October 2008)

Appendix A1 – Pay Structures

Appendix A2 – List of Jobs

Appendix A3 – Haringey Price Tag

Appendix A4 – Allowances, Bonuses and Additional Payments

Appendix A5 – Range Grades

Appendix A6 – Recruitment and Retention Allowance

Appendix A7 – Retainer Payments

Appendix B – Principles of the Modern Reward Strategy

11. Local Government (Access to Information) Act 1985

Not applicable.