

REDDITCH BOROUGH COUNCIL

EXECUTIVE COMMITTEE

8TH January 2019

JOB EVALUATION

Relevant Portfolio Holder	Cllr Baker-Price
Portfolio Holder Consulted	Yes
Relevant Head of Service	Deb Poole
Ward(s) Affected	N/A
Ward Councillor(s) Consulted	N/A

1. SUMMARY OF PROPOSALS

- 1.1 To update Members as to the current position regarding the National Pay Award, that introduces changes to the National Pay Spines and the impact on the Authority.

It is proposed that a joint pay model is introduced across Redditch Borough Council and Bromsgrove District Council in line with the National Pay Spines.

2. BACKGROUND

- 2.1 A two year pay award was agreed nationally to cover 2018/19 and 2019/20. As part of this agreement a new national pay spine is being implemented from the 1st April 2019.

In order to close the significant gap with the National Living Wage, scp's 6-17 inclusive have been paired off to create new spinal column points (scp's) 1-6, e.g. scp 6 & 7 are paired to produce the new scp 1; scp's 8 & 9 are paired to produce scp 2.

With effect from April 2019 scp 1 will be paid at £9.00 per hour. These changes would ensure that the bottom end of the pay spine is still relevant in the foreseeable future.

Therefore the new national pay spine has introduced five new spinal column points scp's. The purpose of this is to achieve a 2% increase in salary between scp's up to the new scp 22. If the new scp's were added in without changing the grade boundaries some grades would have 9 or 10 scp points contained within them and would therefore be open to challenge, particularly in respect of age equality.

- 2.2 Whilst RBC & BDC have the same Job Evaluation (JE) Scheme the pay models differ resulting in a level of risk of equal pay claims across the authorities.
- 2.3 The introduction of the National Pay Spines presents an opportunity to combine RBC and BDC pay model and therefore reduce the risks of equal pay claims.

3. RECOMMENDATIONS

Executive is requested to **RECOMMEND** to Council the approval of :

Model 1 be adopted and implemented with effect from 1st April 2019

Commencement of formal consultation with the Trade Unions with a view to reaching a Collective Agreement to implement a joint pay model across both Councils in line with the revised National Pay spines

Commencement of a Dismissal and Re-engagement process in the event that a collective agreement is not achieved.

4. KEY ISSUES

4.1 Financial Implications

Two pay models have been produced for consideration.

4.1.1 Model 1 - see Appendix 1

This model would not be detrimental to any employees and provides greater headroom for some of the grades and introduces a maximum of 6 scp in line with the national guidance.

The expected impact of Pay Model 1, based on current staffing arrangements, is that:

297 employees will see an immediate pay increase
257 employees will see additional headroom progression
38 employees will see a smaller than expected increase*
0 will be negatively affected

** Whilst no employees will be negatively affected, some employees will not see the financial gain they had expected in April 2019, it may take a longer period to reach the top of the grade, due to the additional spinal column points that have been added to some grades.*

Based on current costings the revised model will cost:

General Fund

2019/20 £54,854
2020/21 £153,993
2021/22 £120,081
2022/23 £64,936

Or 393,863 over 4 years

Rubicon:

2019/20 £17,181
2020/21 £22,760
2021/22 £24,286
2022/23 £10,395

Or £75,023 over 4 years

HRA:

2019/20 £23,776
2020/21 £80,438
2021/22 £79,113
2022/23 £50,757

Or £234,084 over 4 years

4.1.2 Model 2 – Appendix 2

This model would provide no additional headroom for some grades and introduces a maximum of 6 scp in line with the national guidance.

The expected impact of Pay Model 2, based on current staffing arrangements, is that:

290 employees will see an immediate pay increase
187 employees will see additional headroom progression
38 employees will see a smaller than expected increase*
0 employees will be negatively affected

** Whilst no employees will be negatively affected, some employee will not see the financial gain they had expected in April 2019, it may take a longer period to reach the top of the grade, due to the additional spinal column points that have been added to some grades.*

Based on current costings the revised model will cost:

General Fund

2019/20 –(£24,990)
2020/21 £115,286
2021/22 £81,151
2022/23 £53,637

Or £225,083 over 4 years

Rubicon:

2019/20 £15,244
2020/21 £17,008
2021/22 £18,091
2022/23 £7,011

Or £57,355 over 4 years

HRA:

2019/20 £15,068
2020/21 £63,594
2021/22 £55,289
2022/23 £42,930

Or £176,880 over 4 years

4.2 Legal Implications

Independent legal advice has been sought through this process and the legal implications are as follows:

- 4.2.1 Agreements reached by the NJC are treated as collective agreements which have automatic application to RBC employees as NJC terms form part of their contract of employment. The pay spine itself is determined at national level and the pay model (grading) is determined at local level. The Council's pay model was last revised as part of the implementation of the Job Evaluation scheme in 2016.
- 4.2.2 There is currently a disparity between the pay models used by RBC and BDC which means that individual employees working within a particular grade may be paid less than their colleagues in the same grade depending on which authority employs them. By way of example, the current pay models for a Grade 7 post are:

Authority	JE Points	SCP Minimum	SCP Maximum
RBC	493 - 549	29 (£26,470)	34 (£30,756)
BDC	493 - 549	30 (£27,358)	36 (£32,233)

- 4.2.3 Whilst such a disparity would not normally present any particular issues, a risk has been identified that, going forward, employees / unions may attempt to challenge the current position by way of equal pay claims bearing in mind the extent to which the majority of services have become integrated between RBC and BDC.
- 4.2.4 Although, technically, the Council may defend such claims on the basis that comparators in equal pay claims must be in the 'same employment' (i.e. employed by the same employer or an associated employer), and RBC and BDC are separate employers for this purpose, there are a number of nuances to the

way the relevant legislation is applied and there is a significant risk that, because of the degree of integration, there would be a finding that some, if not all, employees are entitled to rely on comparators within BDC.

- 4.2.5 It is important to understand that the term 'equal pay claim' is a general term which covers not only pay, but also other elements of the terms of employment including issues such as automatic pay progression. It is possible, therefore, that even if two individuals were currently being paid the same rate of pay, a claim could be advanced on the basis that there is a difference in terms of the extent of automatic pay progression as shown in the example at 3.5 above.
- 4.2.6 It is considered that the introduction of the new national pay spine presents an ideal opportunity to reduce the risk of potentially expensive equal pay challenges, and eliminate the current frictions in respect of the pay differential between the two authorities, by combining the RBC and BDC pay models into a single model, thereby ensuring equality between all employees.
- 4.2.7 It is accepted that there is a relatively short timescale in which to implement a combined pay model, however, even if a combined model was not being proposed, it would still be necessary for the Council to revise its own current pay model prior to the new pay spine taking effect as the changes introduced by that pay spine do not sit comfortably within the current pay model. In particular, there would be certain pay grades in which there would be considerably more than 6 SCPs. As a matter of good practice, and to avoid challenge, incremental progression is properly limited to five years, which would exclude the use of grades exceeding 6 SCPs (grades with a lower number of SCPs than 6 are, in contrast, generally acceptable). The proposed combined pay models accord with good practice.
- 4.2.8 As pay models are locally negotiated, it will be necessary to enter into a formal consultation period with the trade unions in order to negotiate a collective agreement. If a collective agreement is reached the new 'Pay and Grading Model' will be implemented for all Redditch Borough Council employees within an agreed timescale. This is the preferred implementation route as it ensures that any new pay model has appropriate backing from the unions.
- 4.2.9 If a collective agreement cannot be reached, the Council will need to undertake a further period of individual consultation during which notice would be served to dismiss and re-engage staff on a new pay model. This is the same process as followed during the implementation of JE in 2016 during which only a handful of staff objected to the new terms and had to be dismissed and re-engaged. It is considered likely that, if the proposal in respect of model 1 is advanced, there will be a similar outcome.
- 4.2.10 Bearing in mind the work that will be required simply to introduce a revised pay model for RBC alone, and that it is almost inevitable that a combined pay model with BDC will need to be produced within the near future, it seems eminently sensible to deal with both of these issues at the same time. This will avoid the need to repeat the processes outlined above which are both time consuming and potentially damaging to staff morale.

4.2.11 This report is exempt in accordance with S.100 1 of the Local Government Act 1972, as amended by the Local Government (Access to Information) (Variation) Order 2006, as it contains information relating to consultations or negotiations in connection with labour relations matters arising between the authority and its employees. For this reason it is felt that the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

4.3 Service / Operational Implications

Due to the corporate nature of the Pay Model all services will be affected.

Employees within services are aware that the pay model differential with Bromsgrove specifically where there is additional head room within grades. This has been raised on a number of occasions since the implementation of Job Evaluation in 2016 and during service reviews and TUPE Transfers.

4.4 Customer / Equalities and Diversity Implications

An Equality Impact Assessment (EIA) has been undertaken for both models and will be provided to the TUs as part of formal consultation. The EIA is attached at Appendix 3 & 4.

The implementation of the new Joint Pay Model will minimise the risk associated with Equal Pay claims and will ensure that our pay structure is in line with the Nationally negotiated Pay Spines.

5. RISK MANAGEMENT

5.1 Failure to implement the new Nationally agreed pay spine by 1st April 2019 would result in a breach of employees contracts. If we are unable to agree a new joint pay model with the Trade Unions the Council may have to engage in a Dismissal and Re-engagement process to achieve this, however this process would not be completed by 1st April 2019, which would therefore leave the Council open to Breach of Contract claims by employees.

5.2 If the new combined Pay Model is not implemented there is a greater risk of equal pay claims as Redditch employees may be able to use Bromsgrove employees as a comparator. In addition the Council will be in breach of contract as we would not be paying employees in accordance with the National new pay spines.

5.3 The morale of the workforce is in part detrimentally impacted by the different pay models between Bromsgrove and Redditch. The frequency of this being raised in various forums is increasing and is becoming more difficult to defend due to the nature of the shared services we undertake.

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- 5.4 Grades 7, 8 and 9 contain professional posts that are notoriously difficult to recruit to due to competitive salaries in other organisations. Any further reduction in salary would make it more challenging to recruit and retain such posts.
- 5.5 A joint pay model goes some way to support the recommendations put forward as part of the Peer Review Challenge, which recommended that the Councils establish a single workforce and reduce duplication and time spent navigating two structures and systems of governance.
- 5.6 Therefore, based on the risks and legal implications outlined in this report, it is recommended that Model 1 is adopted.

6. APPENDICES

Appendix 1 - Pay Model 1

Appendix 2 – Pay Model 2

Appendix 3 - Equalities Impact Assessment Model 1

Appendix 4 – Equalities Impact Assessment Model 2

AUTHOR OF REPORT

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