



CABINET - THURSDAY, 23 JANUARY 2014

LATE ITEM – AGENDA ITEM NO 8

- 8. PAY REVIEW FRAMEWORK** (Pages 1 - 18)
To consider a report by the Managing Director.

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Agenda Item 8

Public
Key Decision - Yes

HUNTINGDONSHIRE DISTRICT COUNCIL

Title/Subject Matter: Pay Review

Meeting/Date: Cabinet – 23 January 2014

Executive Portfolio: Cllr Jason Ablewhite, Executive Leader

Report by: Managing Director
Assistant Director – Finance & Resources
Assistant Director – Environment, Growth & Planning

Ward(s) affected: N/A

Executive Summary:

The Council has carried out a review of its pay model in order to create an affordable and sustainable pay package whilst remaining fair and equitable and fully compliant with all equality requirements.

Recommendation(s):

1. Cabinet approve the pay model attached at Appendix 1 for implementation in respect of all Council employees from 1 April 2014.
2. That delegated authority be granted to the Managing Director, in consultation with the Leader, to implement the necessary changes to individual's pay and grading arrangements in line with the process outlined at Appendix 2.
3. Authorise the removal of Essential User Allowances to senior managers and attendance allowances to certain operations staff with effect from 1 April 2014.

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1. PURPOSE

- 1.1 This report seeks Cabinet approval for a new affordable model for all Council employees, following staff consultation and negotiations with nominated staff representatives in the form of Staff Council, to be effective from 1 April 2014.
- 1.2 The proposals include an appeal process and will lead to updates to the Council's pay policy.
- 1.3 The review also considered the removal of some bonus or other payments currently payable to a minority of the workforce, namely attendance allowance and essential car user payments.

2. BACKGROUND

- 2.1 The Council determined that it wished to continue to use the Inbucon pay methodology to support this pay review, it has therefore carried out systematic reviews of all posts through a comprehensive job evaluation process. In December, a formal consultation process took place with all staff, seeking comments on a proposed pay model, along with an associated appeal process.
- 2.2 Over 170 responses were received following individual letters and a series of open forums for staff to discuss proposals with senior staff.

3. PROGRESS AND DEVELOPMENTS

- 3.1 The consultation process has resulted in a number of significant changes to the pay model and appeal policies. Negotiations with Staff Council have refined the offer and in summary:
- The model now includes an additional grade
 - The new pay model and its supporting pay policy will be in place for the 1 April 2014 for all new employees and those accepting the change. For those who do not accept the new model or need for change, the implementation will be made in line with current employment responsibilities of consultation and notice as required for each individual.
 - The number of increments within grades has been adjusted
 - The previously proposed use of Job Families, as a means of clustering jobs of similar character, has been abandoned in favour of a uniform application of individual evaluations for all discrete jobs
 - An offer of pay protection has been introduced, offering 3 months full pay protection or 6 months half pay protection for all posts losing salary, effective from 1 April 2014.
- 3.2 These modifications have been offered as a direct consequence of Staff Council negotiations and staff consultation responses, and they have necessitated a reconfiguration of the pay model at Appendix 1.
- 3.3 The effects of the proposed pay model are attached at Appendix 3. In summary, 42.5% of employees will see pay reductions and 57.5% of employees will either experience a neutral impact or an increase in salary. These figures relate to all 692 permanent employees of the Council. Should the model be accepted, those individuals holding variable hours contracts, whose posts have been job evaluated, will be reviewed against the new model (approximately 400 employees).

- 3.4 The updated Appeals Procedure also reflects staff comments and is attached for information at Appendix 4.
- 3.5 As originally proposed, any remaining car allowances and all attendance allowances are proposed to be withdrawn from 1 April 2014.
- 3.6 The financial consequences for the Council's budgets are set out below.

4. OPTIONS APPRAISAL

- 4.1 Realistically, the Council has little choice but to revisit its pay arrangements as the current model is not financially sustainable and inequitable leaving the Council at risk of equal pay claims. It was introduced in the 1980's in a period when it was very difficult to recruit certain categories of staff and established very long grades to provide the flexibility necessary at the time.
- 4.2 Options do exist around the form and structure of the pay model in terms of the number of grades and spinal column points, and the position of the pay line. There have been many iterations of a model, and the current proposal is judged to offer the best combination and solution for the Council.

5. FINANCIAL IMPLICATIONS

- 5.1 The figures quoted in this section and Appendix 5 are primarily based on the 692 staff of the authority on prescribed hours on which the modelling has been completed. There is no reason to assume the position on the variable hours staff will produce a materially different result and so appropriate grossing up has been used to get an overall figure. As original budget figures have been used to demonstrate variations to the approved budget and MTP part of this grossing up relates to any pay savings achieved so far in order to avoid any double counting which might overstate the forecast savings. In all cases, except for the contingencies for successful appeals and market retention supplements (referred to below), assumptions have been cautious.
- 5.2 For example, the current scheme allows employees to receive increments for up to 20 years before they reach the top of their grade, assuming they start at the bottom and receive, what has been the average, two 1% increments each year. Under the new scheme there will be two important factors that will slow the rate increase in pay costs over the longer term. Firstly there will be a much higher standard of development/performance improvement before an increments is awarded. Secondly there will be considerably fewer increments within each grade so that employees who do successfully perform in their role will reach the top of their grade sooner. Further increases in salary will rely on promotion to more senior posts. This forecast is based on employees, on average, only receiving an increment every two years – it is considered that this is a cautious assumption.
- 5.4 There may be a need for some market supplements where the new pay levels turn out to be clearly lower than the current market level. The pay policy addresses the requirements for these to be given. A contingency of £100k has been provided but there is no reliable evidence on which to judge this figure.
- 5.5 Some employees will appeal against their grading and although the process has been robust and consistent it is likely that some will be successful. Again

a contingency of £100k has been provided but there is no reliable evidence on which to judge this figure.

- 5.6 No assumption has been built in for staff turnover. In the vast majority of jobs turnover does create at the least a temporary savings due to all or part of the incomer's notice period. It is difficult to estimate the future market position but it would not be unreasonable to assume that on average the new staff will be paid no more than the staff who leave. No provision has therefore been included for this.
- 5.7 Provision has been made for pay protection of £237k which is 3 months on full pay or 6 months on half pay if the employee prefers.
- 5.8 Appendix 5 shows the impact of the impact of the proposed pay structure compared with the existing which is an additional cost in 2014/15 due to pay protection (£184k) followed by increasing savings rising to £324k in 2018/19 and £452k in 2020/21.
- 5.9. There is also a comparison with the provision in the MTP which included the equivalent of an ongoing 1.5% of the pay bill for incremental progression plus a provision for pay protection. The resulting MTP savings are therefore higher because the provision did not take full account of individual staff reaching the top of their grade and thus ceasing to get increments or the decision to not award increments in 2013/14 or 2014/15. The MTP saving starts at £776k in 2014/15 and continues to rise significantly to £1,435k by 2018/19.
- 5.10 It should be noted that all calculations are based on current prices as there is separate provision in the MTP for any cost of living increases that Members approve.

6. EQUALITIES IMPLICATIONS

- 6.1 During the Autumn of 2013, an internal audit review of the processes and procedures followed during the job evaluation and moderation stages of the pay review was completed. This included consideration of the risks associated with equality aspects of the Inbucon and job family models used and potential gender bias within panels. The audit concluded that the inherent risks within the process were generally well managed and an 'adequate' assurance opinion reported.
- 6.2 An Equalities Impact Assessment is being carried out following adjustments to the model. The inclusion of an additional grade and adjustments to spinal column points has significantly addressed any imbalance.

7. LEGAL IMPLICATIONS

- 7.1 The proposals are judged to be compliant with equalities legislation.
- 7.2 The necessary legal advice has been secured and applied throughout this project.
- 7.3 The new pay model will become effective on 1 April 2014 and payroll systems are already in place to plan for necessary changes. Additional temporary resources are being redeployed to payroll to ensure that all data entry is completed to deliver the new arrangements in the April pay run.

7.4 Individuals have three choices:

- To accept the new offer
- To accept the offer subject to pay protection (individuals can choose either 3 months full pay protection or 6 months half pay protection); or
- To reject the offer, in which case a dismiss and re-engagement process provides for those who may wish to be re-instated on new terms

Anyone choosing the latter option is deemed to have terminated their employment with the Council and will not be eligible for any redundancy payment/severance.

7.5 Those electing to accept the offer continue to have a right of appeal. Those who reject the offer forfeit any rights of appeal.

7.6 The Pay Policy is being updated to reflect the new pay model, and will guide future pay progression, post re-evaluation and changes to allowances that have been proposed in staff retention/recruitment. As is the norm, Employment Panel will be involved in shaping this policy.

8. CONCLUSION

8.1 The Council have, for around 25 years, had an unchanged pay structure, which has become unaffordable and unsustainable. The review has been ongoing for a number of years, causing anxieties for staff and leading to difficulties in staff retention/recruitment.

8.2 Whilst there are staff who will be losing salary this is a necessary process and by drawing the review to a conclusion, the Council can now have confidence that it has an affordable equal and consistent pay framework.

9. APPENDICIES

Appendix 1 - Pay Model
Appendix 2 - Pay & Grading Arrangements
Appendix 3 - Effects of the Pay Model
Appendix 4 – Appeals Procedure
Appendix 5 – Financial Summary

BACKGROUND PAPERS

Extract of Minutes from Employment Panel available via www.huntingdonshire.gov.uk

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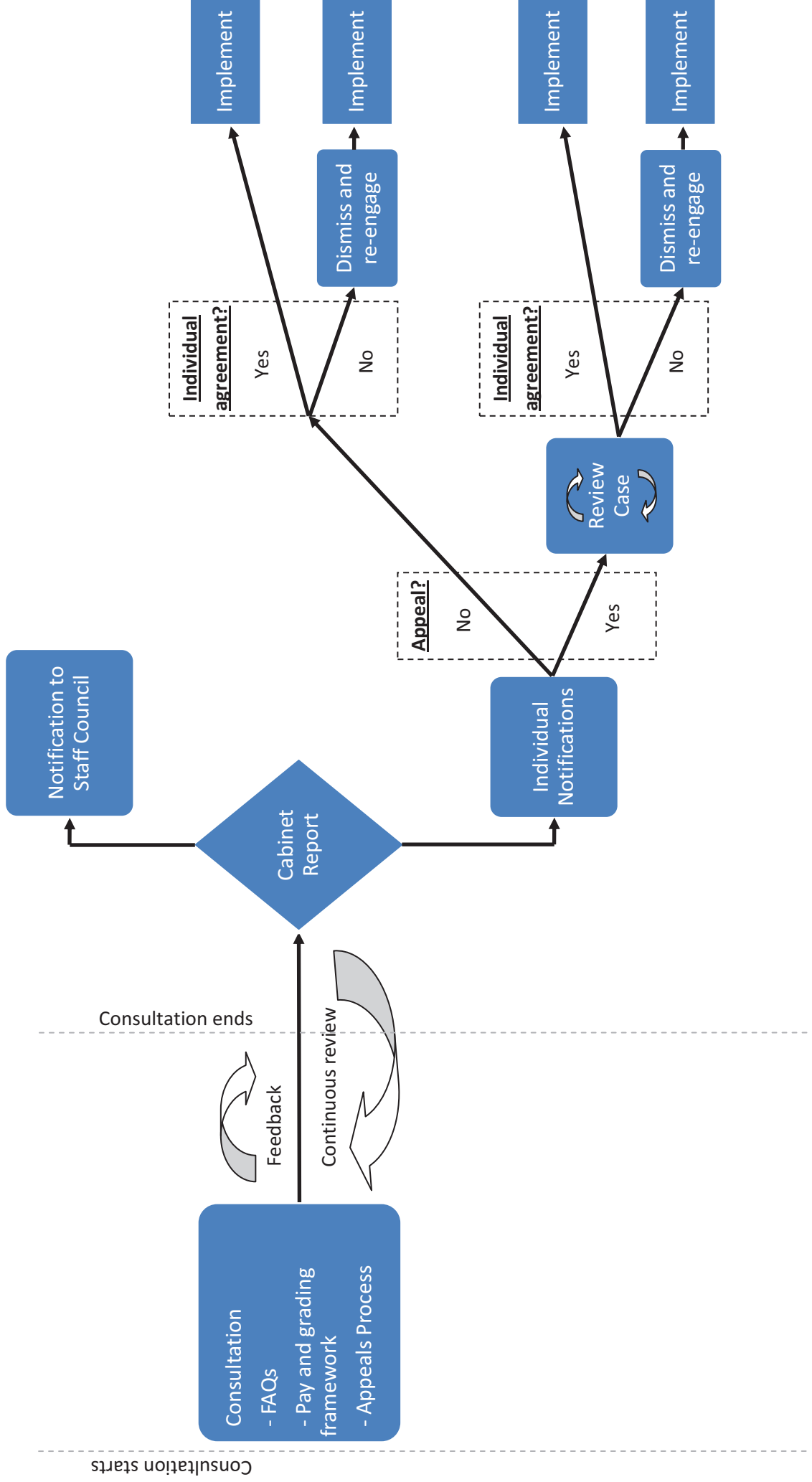
Huntingdonshire District Council
Proposed Pay Structure 2cii

Appendix 1

Grade	SCP	FTE Salary (£)	Increment Step (£)
MD (849+)	56	132,500	3,750
	55	128,750	3,750
	54	125,000	3,750
	53	121,250	3,750
	52	117,500	
AD (600-849)	51	87,000	2,500
	50	84,500	2,500
	49	82,000	2,500
	48	79,500	2,500
	47	77,000	
SM (430-599)	46	67,000	2,000
	45	65,000	2,000
	44	63,000	2,000
	43	61,000	2,000
	42	59,000	
Grade I (322-429)	41	52,945	1,542
	40	51,403	1,497
	39	49,906	1,454
	38	48,452	
	37	47,041	2,663
Grade H (277-321)	36	44,379	1,293
	35	43,086	1,255
	34	41,831	1,218
	33	40,613	1,183
	32	39,430	
Grade G (240-276)	31	37,198	1,083
	30	36,114	1,052
	29	35,063	1,021
	28	34,041	991
	27	33,050	
Grade F (221-239)	26	31,179	908
	25	30,271	882
	24	29,389	856
	23	28,533	831
	22	27,702	
Grade E (203-220)	21	26,134	761
	20	25,373	739
	19	24,634	717
	18	23,916	697
	17	23,220	
Grade D (184-202)	16	21,906	638
	15	21,268	619
	14	20,648	601
	13	20,047	
Grade C (164-183)	12	18,912	551
	11	18,361	535
	10	17,826	519
	9	17,307	
Grade B (150-163)	8	16,327	476
	7	15,852	462
	6	15,390	448
	5	14,942	
Grade A (Up to 149)	4	14,096	411
	3	13,686	399
	2	13,287	387
	1	12,900	

Pay Review: Programme

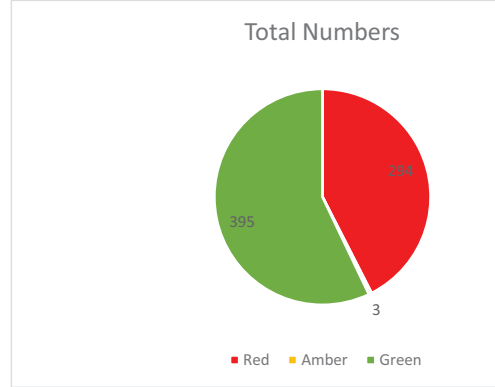
Appendix 2



Circles	Total numbers	Percentages
Red	294	42.5%
Amber	3	0.4%
Green	395	57.1%
Total	692	100%

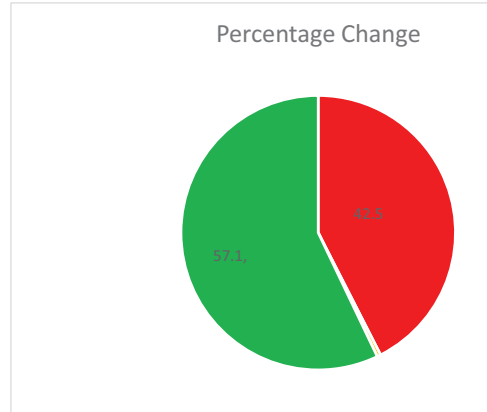
Red Circles

Pay Change Bracket	Fall in Pay	
	Female	Male
No Change		
Up to 1%	10	33
1% to 2%	7	2
2% to 3%	4	6
3% to 6%	27	21
6% to 9%	12	12
9% to 12%	13	12
12% to 15%	20	45
15% to 18%	13	2
18% to 21%	13	1
21% to 24%	12	3
24% to 27%	12	4
Above 30%	7	3



Amber Circles

Pay Change Bracket	No change in Pay	
	Female	Male
No Change	2	1
Up to 1%		
1% to 2%		
2% to 3%		
3% to 6%		
6% to 9%		
9% to 12%		
12% to 15%		
15% to 18%		
18% to 21%		
21% to 24%		
24% to 27%		
Above 30%		



Green Circles

Pay Change Bracket	Increase in Pay	
	Female	Male
Up to 1%	28	19
1% to 2%	56	61
2% to 3%	40	34
3% to 6%	18	11
6% to 9%	6	6
9% to 12%	23	7
12% to 15%	11	10
15% to 18%	5	10
18% to 21%	14	9
21% to 24%	10	3
24% to 27%		1
27% to 30%		
Above 30%	8	5

Job Evaluation Appeals Procedure

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1. Introduction

- 1.1 The Council has undertaken a pay review and is introducing new pay, grading and reward arrangements. The effective date of implementation of these new arrangements is 1st April 2014.
- 1.2 As part of the implementation process for the pay, grading and reward arrangements, it is recognised that employees may wish to submit an appeal against the job evaluation outcome applied to their job. It is the Council's aim to process any appeals by the pay review implementation date.
- 1.3 This procedure applies where an individual employee or a group of employees, are dissatisfied with the outcome of their job evaluation on implementation of the new pay structure and can submit an appeal under one of the qualifying grounds detailed in section 5.
- 1.4 All involved in appeal panels will receive training using the Inbucon Job Evaluation Scheme and the appeal will be chaired by a person independent of the evaluation process.

2. Scope of Procedure

- 2.1 This procedure applies to all those working for Huntingdonshire District Council who wish to appeal against a job evaluation outcome applied to their role as part of implementing the new pay structure on the 1st April 2014.

3. The job evaluation scheme and its application

- 3.1 The Council has evaluated jobs using the Inbucon Job Evaluation Scheme. The scheme measures the size of each job relative to others by identifying the main elements of the job and then establishing the appropriate rank order of jobs.
- 3.2 Jobs are evaluated as individual jobs where there is only one employee in the job role. However many jobs have more than one person carrying out the same or similar job role and these are evaluated as a group.

4. Appeal against job evaluation outcome

- 4.1 Employees will be entitled to appeal against the outcome of the job evaluation process when they have been formally notified of:
 - The grade associated with the evaluation ; and
 - The salary scale associated with the grade.

5. Grounds for Appeal

5.1 The grounds on which appeals against the outcome of job evaluation can be made are as follows:

Ground A	The job that you currently do is materially different from the JEQ for the role that you have been evaluated against and that you have signed. In this context “materially different” means that the current role is distinguishable from the evaluated JEQ to a significant extent or degree.
Ground B	From reviewing the roles within each grade and the organisational structure you consider your role has been undervalued.

5.2 An appeal must be made on one of the above grounds, an appeal cannot be made solely because the employee disagrees with the grade or pay level resulting from the job evaluation outcome unless one of the above grounds applies.

6. Submitting an Appeal

6.1 Employees are required to submit an appeal within 14 calendar days from the date of the letter notifying them of their job evaluation outcome.

6.3 For the majority of cases, this timeframe should be adequate to allow employees to gather information and consider the grounds of their appeal. Where significant difficulties are experienced in meeting this timeframe (for example due to absence, gathering of data or supporting documentation, or where late receipt of notification can be proven), the employee must contact the Corporate Team on the second floor of Pathfinder House who will in exceptional circumstances consider the request for an extension. Only one extension will be granted where it is agreed that there are significant difficulties in submitting within the 14 days given staff will be given up to a further 5 days to submit their appeal.

6.4 Appeals should be submitted using the Job Evaluation Appeal Form in the Appendix of this document. To ensure that appeals are processed as efficiently as possible, it is essential that Appeal Forms are fully completed. Employees must clearly state and provide evidence to support the grounds on which they are appealing. Where supporting evidence or detailed explanation is not provided, the appeal documentation will be rejected.

6.5 The Job Evaluation Appeal Form should be sent to the Corporate Team who will;

- Acknowledge receipt of the appeal

- Review the Appeal Form to ensure that it has been fully completed (Appeal Forms that have not been fully completed will be rejected).
- Forward a copy of the Appeal Form to the relevant manager
- Make arrangement for the appeal to be heard.

7. Stage 1 – Pre Appeal process

- 7.1 This stage is for employees to seek clarification prior to submission of an eligible appeal. Where there are questions about the accuracy of data or the application of the scheme, employees should discuss the matter with their line manager. At this stage the employee are recommended to seek advice from a Staff Council representative and/or HR before submitting an appeal. This first stage of the process is specifically for resolving issues of the following nature:
- Factual errors in the individual evaluation outcome letter. For example receiving an individual letter with incorrect information about your name, role or grade.
 - Clarification by employees on the application of the job evaluation scheme and job evaluation process through their line management.
- 7.2 In the event that the query was not resolved by either a pre appeal clarification with their manager or advice from Staff Council and or HR and the employee decides to progress to formal appeal then they will need to submit a Job Evaluation appeal form (Appendix 2), identifying under which grounds available they are claiming along with their grounds for appeal.

8. Stage 2 – Job Evaluation Appeal

- 8.1 The appeal will be considered at a Job Evaluation Appeal hearing.
- 8.2 The purpose of the hearing at Stage 2 is to consider the appeal against the evaluations given within one of the grounds listed at 5.1.
- 8.3 The Job Evaluation Appeal will be chaired by an independent person advised by a member of HR. The Job Evaluation Appeal Hearing will be further supported by a member of the Moderation Panel who will advise on the job evaluation process for that role and the application of the job evaluation scheme. The independent chair will make the decision on whether the appeal satisfies the requirement of either grounds A or B.
- 8.4 The employee or nominated representatives may request to be accompanied at the Appeal Hearing by a work colleague, Staff Council Representative or trade union representative.

- 8.5 The employee(s) Manager (or nominated representative) will also be required to attend the Appeal Hearing to present information about the job or can put forward written submissions where they find this more helpful.
- 8.6 During this meeting:
- The employee will explain the reasons for their appeal and to submit any relevant documentation.
 - The appeal panel chair will ask questions of clarification of the employee and member of the Moderation Panel as part of the process
- 8.7 There is no further right of challenge following Stage 2.

9. Group Appeals

- 9.1 Where there is more than one job holder in a particular job covered by a single JEQ, the other job holders must be asked if they also want to appeal against the job score. All staff are reminded that the outcome of an appeal can result in evaluations score goes down or up and that this change in score could reposition a role in the same grade or a lower or higher grade. Where there is more than one job holder in a role the appeal will have to be submitted as a group appeal with at least 51% of job holders agreeing to the appeal. If less than 51% job holders agree to the appeal, the appeal will not proceed. In these circumstances, there is no further right of challenge.
- 9.2 Members of that group will need to nominate representatives (normally up to 2) to complete the appeal documentation on their behalf. The representatives will need to ensure that all members of the group are given the opportunity to comment on the completed form.
- 9.3 In submitting a group appeal the outcome of the appeal binds all members of the group. Furthermore, individual employees in that group do not have a separate individual right of appeal.
- 9.4 Within this procedure, arrangements for hearing appeals relating to job groups may need to be flexible to meet different circumstances for example, where there is an appeal that affects a large number of employees, timescales may need to be adjusted

10. Outcome of the Appeals Process

- 10.1 The Project Manager Richard Hughes will be advised of the decision. The outcome of which will be one of the following:
- The original grade is confirmed.
 - The job is to be forwarded to a new evaluation panel for consideration.

- 10.2 The employee will be informed by the corporate team of the outcome of their appeal hearing in writing within 7 calendar days of the meeting.
- 10.3 In all circumstances the corporate team will contact the job holder and their manager to advise the outcome of the appeal. In the case of a group appeal the lead job holder who presented at the appeal will be contacted. The potential outcomes of an appeal are:-
- The original grade is confirmed – confirmation that the grade of the job remains the same.
 - The role is submitted for a re-evaluation with a new JEQ along with comments by the appeal chair on any areas that were highlighted at appeal. This JEQ will need to be processed as a normal evaluation, signed by the relevant employee and their manager, in the case of a group appeal this employee will be the lead employee. The JEQ will then be forwarded for evaluation and moderation before the outcome is provided to the employee and their manager. The outcome of this process will be processed as soon as reasonably practical.
- 10.4 If following re-evaluation the role is placed at a higher grade, the higher grade will be applied from 1st April 2014. Where an appeal has been submitted by an individual or group of employees, the outcome of the appeal will be applied to every employee in that specific evaluated role.
- 10.5 If following re-evaluation the role is placed at a lower grade this will be applied from the 1 April 2014. Where an appeal has been submitted by an individual or group of employees, the outcome of the appeal will be applied to every employee in that specific evaluated role.

Appendix 1 JOB EVALUATION PRE APPEAL First stage

Name :

Employee Number :

Job title :

Job Ref Number :

Department :

Manager :

Please identify under which grounds you wish to raise a first stage appeal

Option	Grounds	Tick
A	Factual errors, with the information provided.	
B	Clarification by employees on the application of the scheme and Job Evaluation process	

Please detail additional information in support of your appeal. e.g. the factual errors you have identified or the clarification on the scheme or process that you would like resolved.

Signed _____ Dated _____

To be returned your line manager and copied to Howard Thackeray, Corporate team, Pathfinder House

Appendix 2 JOB EVALUATION GRADING APPEAL Second Stage

Name :

Employee Number :

Job title :

Post Number :

Department :

Manager :

Please identify under which ground you wish to appeal

Option	Grounds	Tick
A	The job that you currently do is materially different from the JEQ for the role that you have been evaluated against and that you have signed.	
B	From reviewing the roles within each grade and the organisational structure you consider your role has been undervalued.	

Please detail additional information in support of your appeal. e.g. identifying the comparator role and why you believe it is similar work or why you disagree with the grading of your role (continue on a separate sheet and attach any documentation you regard as relevant)

Please identify any dates over in the near future where you have unavoidable commitments which would prevent you from attending an appeal hearing

Signed _____ Dated _____

To be returned your line manager and copied to Howard Thackeray, Corporate team, Pathfinder House

FINANCIAL SUMMARY

		All figures at current prices							
		2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	
		£M	£M	£M	£M	£M	£M	£M	£M
COMPARISON OF PAY STRUCTURES									
Current Pay Structure									
1,2	Pay/NI/Pensions	21.974	22.216	22.450	22.667	22.863	23.043	23.209	
	Special Car Allowances	0.066	0.066	0.066	0.066	0.066	0.066	0.066	
		22.040	22.282	22.516	22.733	22.929	23.109	23.275	
Proposed Pay Structure									
1,3	Pay/NI/Pensions	21.786	21.954	22.114	22.267	22.405	22.527	22.623	
	Protection (3 months full or 6 months half, grossed up for Variable hours)	0.237							
	Contingency for Successful Appeals	0.100	0.100	0.100	0.100	0.100	0.100	0.100	
	Contingency for Market Retention supplements	0.100	0.100	0.100	0.100	0.100	0.100	0.100	
		22.224	22.154	22.314	22.467	22.605	22.727	22.823	
	Annual Cost (+) Saving (-) from proposed new pay structure	0.184	-0.128	-0.202	-0.266	-0.324	-0.382	-0.452	
BUDGET IMPACT									
	Provision for protection and increments	0.960	0.960	1.300	1.600	2.000	2.350	2.800	
	Pay/NI/Pensions budget	21.974	21.974	21.974	21.974	21.974	21.974	21.974	
	Special Car Allowances budget	0.066	0.066	0.066	0.066	0.066	0.066	0.066	
	Therefore Funding Available	23.000	23.000	23.340	23.640	24.040	24.390	24.840	
	SAVING AGAINST BUDGET/MTP PROVISION	-0.776	-0.846	-1.026	-1.173	-1.435	-1.663	-2.017	
Notes and assumptions									
1	No performance increments for 2014/15								
2	Assumes automatic progression at 2 points on current structure								
3	Assumes progression at one point every 2 years in new structure								
4	Assumes all at top of grade by 2018/19								
5	Excludes any impact of staff turnover which can be positive or negative but likely to be more beneficial on existing pay structure								