

LANCASTER CITY COUNCIL

FAIR PAY PACKAGE - CONSULTATION DOCUMENT

1. Introduction

- 1.1 The Single Status agreement brought together the former manual workers and former APT&C (Administrative, Professional, Technical and Clerical Services) staff under one common pay spine.
- 1.2 In 2004, a three year pay agreement was reached and included the requirement for local authorities to undertake a local pay and grading review.
- 1.3 Councils could decide how to conduct this review and after piloting a number of schemes Lancaster City Council decided to complete the exercise using the Greater London Provincial Council Scheme (GLPC) which it felt would ensure that the way employees are paid is equitable and fair.
- 1.4 Lancaster City Council, along with other local authorities, has been progressing a review for a number of years and once implemented, it will ensure we comply with the Single Status Agreement and have a robust pay structure that is compliant with equal pay legislation...
- 1.5 All council posts covered by the National Joint Council for Local Government Services (NJC) are subject to job evaluation.
- 1.6 Employees whose terms and conditions are set out in the NJC for Local Authority Craft and Associated Employees (the Red Book) have not been included in the process at this stage.
- 1.7 This document sets out the new pay and grading structure and the other elements that are part of the Fair Pay package. It is provided to the recognised trade unions as a basis for consultation and will be discussed at the Joint Consultative Committee meeting on the 30 September 2009. It will then be put to the Cabinet and Personnel Committee with consultation responses and any recommendations from JCC on 6th and 13th October 2009 respectively.
- 1.8 Once the package has been considered by Members, proposals will be put forward as a formal offer to the trade unions in an effort to reach a collective agreement.

2. Implementation

- 2.1 It is proposed that the revised pay and grading structure is implemented with effect from 1 April 2010.

3. Proposed Pay and Grading Structure

- 3.1 The new pay and grading structure has been designed on the basis of the results of the job evaluation scheme. It consists of 9 grades over 53 spinal column points. Following consultation with Trade Unions, it has been determined by Cabinet and Personnel Committee to be the most appropriate structure to take the Council forward. A copy of the pay and grading structure is attached as Appendix A.
- 3.2 The points score for the job determines the grade of the post. The spinal column point (scp) for the individual employee is determined as follows.
- If the current salary is below the minimum of the proposed new grade then the employee will be moved to the bottom increment of the new grade.
 - If the current salary is within the proposed new grade then the employee will be moved to the nearest point above or equal to the current salary in that band.
 - If the employee's current salary is above the proposed new grade then he/she will be moved to the top point of that band.

4. Pay Protection

- 4.1 The Council recognises the impact that a revised pay structure will have on those employees who face a reduction in salary and has sought to minimise the number of employees who find themselves in that position. However, for those who do face a reduction, we have identified a range of measures to support staff, including pay protection. Pay protection ensures employees do not have a sudden drop in their take home pay and allows employees time to make plans.
- 4.2 It is proposed that the following protection will apply from the date of implementation.
- 4.3 If the employee's current salary is above the maximum salary for the new grade, their salary will be protected on a sliding scale for 3 years. This means that from the date of implementation they will receive protection as follows:
- 1 April 2010 to 31 March 2011 = 100% protection and their salary will not change.
- 1 April 2011 to 31 March 2012 = 50% of the difference between the old and new salary.
- 1 April 2012 to 31 March 2013 = 25% of the difference between the old and new salary.
- 4.4 After this period of protection the salary will be that of the new grade maximum.

5. Market Supplement Policy

- 5.1** The Council recognises that there are occasions when the grading determined by evaluation of a post may lead to an inability to recruit and/or retain employees due to a variance between the internal grading structure and the external market. In these circumstances a payment may be made in order to supplement the salary.
- 5.2** Market supplements are recognised under equal pay legislation if there is sufficient evidence to justify paying more than other posts which are graded similarly.
- 5.3** Following consultation with the recognised trade unions, the Personnel Committee approved a policy for market supplements at its meeting on 10th November 2008.
- 5.4** Service Heads will assess posts which are facing a reduction in salary in line with the agreed policy and where appropriate present a case for a market supplement to be applied.

6. Upgraded Posts

- 6.1** The Council proposes that employees in posts which would be “upgraded” would move to the bottom of the new grade with effect from the implementation date. Normal incremental progression would apply 12 months after the date of implementation and annually thereafter until an employee has reached the top of the grade or and career progression/qualification bar. Should an employee meet the requirements of the career progression/qualification bar at or before the required time he/she will progress to the designated spinal point.

7. Cost of implementation

- 7.1** The financial implications of the proposals are shown at Appendix B.
- 7.2** The job evaluation reserve of £600,000 will be used to fund implementation but the Council will need to find the additional cost in its future revenue budgets once this reserve has been exhausted.

8. Release of Information

- 8.1** All employees have received the overall Job Evaluation Score for their post and where this score places their role within the proposed Pay & Grading Structure (Ref: 9.5.4.5). This includes the scores following stage one appeals.
- 8.2** The recognised trade Unions will be notified of the proposed Fair Pay Package via the Single Status Working Group and Joint Consultative Committee.
- 8.3** A series of briefings to all staff will take place during September setting out the proposal within the Fair Pay Package and the programme of implementation.

9. Appeals

The agreed procedure for appeals against job evaluation and therefore placement in the new pay and grading structure is attached at Appendix C

10. Overtime

- 10.1** Overtime rates have been reviewed as part of the Fair Pay process. There have been meetings with regional officers from all the recognised trade unions. From the beginning it has been noted that overtime costs will need to remain within the current overtime budget.
- 10.2** Currently across the Council different arrangements exist for dealing with overtime and clearly there is a need to ensure that a standardised approach to overtime is adopted across the Council.
- 10.3** A small officer working group has met to consider the issue. Based on consideration of local and national practice the following set of principles has been developed:
- I. Overtime will only apply after an employee has worked 37 hours. This includes part time employees who will also need to work over 37 hours for overtime to apply.
 - II. A working week is Monday to Sunday, and employees will normally work 5 of the 7 days.
 - III. No enhanced rate or shift payment will be paid for an employee working a weekend. This arrangement is already applied in Cultural Services.
 - IV. It is not the intention that staff who are currently working Monday to Friday on a regular basis will be required to undertake a different working arrangement without prior consultation and agreement.
 - V. No shift payment or enhanced rate to be paid for working outside of the flexi band or office hours.
 - VI. The current policy for working public and statutory holidays as part of the normal working week will continue to apply. (Normal pay for the day, hours worked at single time, and half or full day off depending on hours worked).
 - VII. The current policy for working public and statutory holidays in addition to the normal working week will continue to apply. (Double time)
 - VIII. Where staff do not have access to the Council's flexi scheme, as set out on the Council intranet or displayed on the notice boards at White Lund overtime rates will be paid for any hours worked over the 37.
 - IX. The current standby and callout policy remains the same.
- 10.4** Current overtime payments are not included in the payments protected under Fair Pay.
- 10.5** In addition to the above principles it has been proposed that a scheme of reverse protection is applied to overtime rates. Under this scheme the overtime hourly payment prior to job evaluation is used in year 1 and over a four year period a sliding scale upwards is used to increase the hourly payment until in year 4 the overtime is based on time and half and double time using the new pay and grading scale.
- 10.6** In some service areas (e.g. waste collection) there is a need to work on the Saturday following bank holidays in order to fully deliver the service. In circumstances like this an agreed enhanced payment may be negotiated for that day.

OTHER PAYMENTS, TERMS AND CONDITIONS

11 Annual Leave Entitlement

- 11.1** It is proposed that one of the changes introduced as part of the Fair Pay package is that all staff covered by job evaluation will move to an annual leave entitlement of 26 days. This proposal would give everyone the entitlement of those currently on scp 29 and above. The entitlement would be inclusive of the two extra statutory days.
- 11.2** An additional 5 days will still be given for 5 years service in accordance with the Green Book.
- 11.3** Employees currently below scp 29 and not on flexi time receive overtime payments for any additional hours worked. This will continue unchanged.
- 11.4** Employees below scp 29 who are on flexi-time currently receive overtime for any hours undertaken outside the period covered by the flexi time scheme. However the bandwidth during which the flexitime scheme operates has been substantially widened since the scheme was introduced and is now 7.30 am to 7.30 pm. The entitlement to overtime will therefore be changed to time off in lieu.
- 11.5** Employees above scp 29 currently do not receive overtime payments and are not given any credit for hours worked outside the period covered by the flexi time scheme. This is because they currently receive an additional three days holiday. As they will no longer receive three days holiday more than other employees, they will also receive time off in lieu for any hours worked outside the period covered by flexi time to bring them into line with other employees.
- 11.6** It is proposed to implement this change to annual leave from 1st April 2010

12 Bonus Payments

- 12.1** Many of the challenges under equal pay legislation relate to bonus payments and whether they can be justified. Both employers and trade union recognise that there is a problem with continuing to use bonus schemes.
- 12.2** Therefore bonus payments will cease to apply when the new pay and grading structure is implemented. If an employee receives a bonus payment he/she will find that this has been taken into account with the current salary which will be detailed on the Job Summary Document issued to each employee.

13 Unsocial Hours Payments/Shift Allowances

- 13.1** Increasingly we all live in a 24/7 culture where it is no longer unusual to work shift patterns and have flexible working arrangements. These suit the circumstances of employees. It is therefore no longer appropriate to make these payments and they will cease with the introduction of the new structure.
- 13.2** Employees will find that if he/she currently receives an unsocial hours or shift allowance payment, it will be accounted for in the current earnings section of the Job Summary document.

14 Unsocial Hours Payments/Shift Allowances – Central Control

- 14.1** Staff who work in Central Control work a number of different shift patterns including providing cover throughout the night. These payments are being reviewed separately and will continue to be paid until further notice. They have not been taken into account in current earnings on the Job Summary. If you have any questions about this please contact one of the HR staff.

15 Standby/Callout Payments

- 15.1** Standby/Callout payments were reviewed as part of the previous work under the Single Status Agreement and agreed by Personnel Committee in 2004. It is therefore proposed that these payments should continue to be made under the new structure.

16 Leased Cars

- 16.1** It was decided by the Personnel Committee in 2004 that car leases should not be offered to new employees. This entitlement has also previously been withdrawn from Directors and Service Heads.
- 16.2** Consultation on this matter has taken place with both the trade unions and the individual employees involved.
- 16.3** At the meeting of the Personnel Committee on 30th July 2009 Members made a decision to withdraw leased car arrangements from all employees. This is because they are potentially unfair when viewed in the context of a job evaluation exercise. As car leases were provided as a form of remuneration the cost of car leases has been added into the total pay bill.
- 16.4** As car leases are part of the remuneration of an employee it is proposed that the current existing leases should be protected in a similar way to the protection arrangements for salaries and other payments. The protection arrangements for salaries are year 1 - 100% of the difference, year 2 – 50% of the difference and year 3 - 25% of the difference. A similar arrangement for car leases will be implemented. This will involve protecting existing car leases by letting them run for a further 18 months following the implementation date of Fair Pay.

17 Tied Tenancies

- 17.1** A small number of employees occupy accommodation as part of their job. An anomaly exists whereby some of these employees only pay 50% of the rent for the property while others pay 100%. This is clearly unfair and needs to be addressed.
- 17.2** It is proposed that in the future there will be no subsidies of rent for council employees and they will pay the full rent for the property.
- 17.3** If an employee currently pays 50% of the rent he/she will find that it is proposed that in future he/she will be required to pay the full amount. However the value of the rent has been taken into account in the current earnings section of the Job Summary document.

18 Equal Pay Audit

- 18.1** Prior to the introduction of job evaluation, the Council had established grades for its former APT&C posts using existing posts as a benchmark. Although a structure of job grading was in place there were obvious disadvantages with this approach, chief amongst them being that there was no mechanism to measure the value of work and therefore no mechanism to ensure that work of equal value received equal pay.
- 18.2** The use of job evaluation has provided an objective assessment of the relative worth of jobs across the Council, this has been used to develop a pay and grading structure which is fair and affordable.
- 18.3** The Link Pay Modeller, which has been used to develop the pay and grading structure, allows that structure to be reviewed for gender bias and a copy of the resulting report has been included at Appendix D.
- 18.4** In addition a report on the number of posts going up and going down is shown by gender at Appendix E.

Summary Data:

Gender	Up	Down
Female	38 (3.9%)	100 (10.19%)
Male	53 (5.4%)	137 (13.97%)
Vacant	23 (2.34%)	14 (1.43%)
Total*	114 (11.62%)	251 (25.25%)

Total Establishment Figure = 981 Employees

- 18.5** It is proposed that an annual equal pay audit is conducted in future, the first to take place 12 months after the implementation of the pay and grading review.

19 Equality Impact Assessment

- 19.1** Appendix D Constitutes the equality impact assessment of proposed changes to grading and pay but it does not cover any proposed changes to conditions of service. Such equality impact assessments are referenced against the particular conditions where there are proposals to change

20 Future Management of Pay and Grading

- 20.1** A pay and reward strategy is being developed which will cover both financial and non-financial reward. Whilst this is not yet complete, there are a number of issues which pertain to the future management of pay and grading which need to be addressed.
- 20.2** Organisational Change is required over the next few years, to deal with the service changes and the financial context. The Preferred grading structure of the JCC, Personnel Committee and Cabinet is still considered to be the best structure to assimilate employees following the Fair Pay Review. However the financial implications in the medium to longer term of this structure are unsustainable. It will therefore be necessary to review and amend the grading structure within 2 years of implementation. This would be the case even if there were no organisational changes planned.

21 Starting Salary

- 21.1** Employees will be appointed at the bottom of the grade for the post unless their former salary is higher than the bottom of the grade. If this is the case, employees will be appointed at the next increment above their former salary level or at the top of the grade if their former salary is higher than the top of the grade.
- 21.2** Appointment at any other point within the grade must comply with Part 3 Section 15 of the Lancaster City Council Constitution – Scheme of Delegation to officers.

22 Incremental Progression

- 22.1** The Council proposes no change to the national conditions on incremental progression in that:
- Employees who are appointed between 1 April and 30 September will receive an increment the following April.
 - Employees who are appointed between 1 October and 31 March will receive an increment after 6 months and thereafter on 1 April each year.
- 22.2** Incremental progression is subject to satisfactory performance and continues in line with any career progression stages or qualification bar is reached, or if no career grade is in place or qualification bar exists then progression will be until the top of the grade is reached.

23 Grading, Regarding and Appeals

- 23.1** Appendix F contains proposals for the future management of the grading of new and changed posts, regarding applications and appeals. Guidance notes will be drawn up to assist employees in making a re-grading application.

24 Recompense for Undertaking Temporary Additional Duties

- 24.1** The arrangement for the payment of any enhancements to rewards for undertaking temporary additional duties is under review. However, until this review is complete the Council will continue to use the payment of honoraria procedure is currently in place.

25 Notice Periods

- 25.1** Part 2 paragraph 15.2 of the Green Book states that the minimum period of notice to terminate employment given by an employee shall be the ordinary period from one pay period to another. All employees are now on monthly pay and that should therefore be the minimum notice period. There is, however, a number of staff who are currently subject to a different arrangement due to the fact that they transferred from weekly pay to monthly pay. In order to bring these individuals in line with part 2 15.2 and all other staff, it is proposed that their terms and conditions be amended to require one month's notice instead of the current one weeks notice.