

Meeting of: PERSONNEL COMMITTEE

Date: 08 NOVEMBER 2005

Report of: HEAD OF HUMAN RESOURCES AND ORGANISATION DEVELOPMENT

Reference: JE/PILOTS

Title: JOB EVALUATION

PURPOSE OF THE REPORT

The purpose of the report is twofold. Firstly, to advise members of the progress and outcomes of two JE pilot schemes, which have been recently completed. Secondly, to advise of a recommendation on the preferred scheme for conducting a pay and grading review and the results of this matter being considered at a meeting of the JCC on 15 September.

RECOMMENDATIONS

- 1. That a job evaluation exercise be undertaken and that the Greater London Provincial Council Job Evaluation Scheme (GLPC) be approved as the preferred method of carrying out job evaluation for posts.**
- 2. That the use of the GLPC Scheme is supplemented by an interview to ensure a more robust approach to the evaluation of posts.**
- 3. That all Council posts covered by the National Joint Council (NJC) for Local Government Services are subject to job evaluation.**
- 4. That the outline financial implications associated with the proposed timescales for implementing job evaluation be referred on to Cabinet, and that Cabinet be requested to consider further the issue of budget provision for Job Evaluation within the context of the 2006/07 budget process and the Council's Medium Term Financial Strategy.**

REPORT

1.0 Background

1.1 National Position

The Single Status Agreement was introduced in 1997 and included a requirement for local authorities to undertake a local pay and grading review. Since the introduction of the Agreement only 4 authorities in the North West region claim to have completed a pay and grading review using a Job Evaluation scheme as the vehicle for doing so.

It is widely acknowledged that progress among local authorities on reviewing pay and grading has been slow and in 2004, the National Joint Council (NJC) for Local Government Services confirmed the terms and conditions of a 3-year agreement regarding pay, grading and workforce issues. In order to ensure that issues connected

to pay and grading were finally resolved, a key feature of the agreement was the requirement that local authorities complete local pay reviews by March 2007.

Whilst it is not a requirement that job evaluation is used to complete a review of pay and grading, issues about equal pay and equality and fairness within pay structures in general indicate that this is the fairest and most equitable way to achieve a full pay and grading review.

Whilst not being considered widely among local authorities there are alternatives to job evaluation for an organisation when considering how to review pay and grading arrangements. These range from simply identifying 'hotspot' jobs which are those which are most likely to give rise to claims of equal value and inequity. A limited approach to reviewing pay and grades may be for Council's to try to 'head off' the potential for equal value claims. This would be done by taking steps to ensure that the grades of those jobs where there is potential for female workers to claim a lack of fairness (through lack of access to bonus schemes etc) are reviewed and regraded as a matter of priority.

A further option for authorities not wishing to implement full JE would be to establish a system for using 'factor comparison' arrangements. This process would involve evaluating say, 20% of Council jobs (using a recognised scheme) and then to relate the grading of the other 80% of other jobs to those 'benchmark' jobs. This more limited approach could potentially expose the Council to claims of a lack of fairness from those who did not have access to full JE for their own jobs. Any 'factor comparison' process would have as an integral part, the opportunity for any employee to appeal to have their individual job evaluated making it difficult to assess whether this arrangement would indeed save time.

A final option may be for a Council to establish the grades of jobs based on 'market rates'. Whilst this is a possibility, this course of action is not recommended as over the longer term this could lead to instability within the council's staffing establishment, and does nothing to sort out the relative value of jobs to the organisation based on objective assessment.

1.2 Position at Lancaster City Council

In recognition that there is an outstanding commitment to carry out a pay and grading review Personnel Committee, on 20th April 2004 resolved in minute 74 :

- 1) *That the Personnel Services Business Plan 2004/05 includes a commitment to completing two Job Evaluation Pilots during the operating year.*
- 2) *That the agreed pilots to be used are the National Scheme (NJC, joint advice within the Single Status Agreement) and the Greater London Provincial Council Scheme (GLPC).*
- 3) *That the Council's current Application for Regrading Policy and Procedure be suspended to allow completion of the Job Evaluation Pilots to be adequately resourced.*
- 4) *That a sub group of the Single Status Working Group be established to oversee progress*

The Council employs approximately 940 employees (940 posts) and the establishment (excluding Chief Executive and Chief Officers) comprises approximately 550 different types of job. Although not a prerequisite, job evaluation is widely considered to be the

most effective method of reviewing local pay and grading structures and arrangements. It is primarily for this reason that the Council approved the completion of the two pilots.

The use of a formal JE scheme would provide the Council with a clear ranking order for jobs, with a degree of certainty that jobs have been assessed for their relative value within the organisation. The issue of the monetary value of a spinal column point and scales, driven by job evaluation scores will be considered at a later stage, along with proposals for the Council's pay policy and consideration of these matters has not formed part of the pilot exercise.

2.0 The Pilot Exercise

Since the decision was made to pilot two schemes the Council has been committed to working jointly with representatives of TGWU and UNISON who are signatories to the Single Status Agreement. A joint JE Sub Group of the Single Status Working Group was established to progress the work.

To progress the pilots the following were agreed:

- The size of sample of jobs to be evaluated, 50 in total including job families (appendix 1) which represents approximately 9% of the total number of posts on the establishment.
- The jobs/job families to be evaluated.
- The constitution of and number of evaluation panels.
- The methodology applied by the job analyst in gathering job specific information.
- The local conventions jointly developed to support the generic criteria already within both schemes.
- Time-scales for the completion of each pilot.
- The criteria upon which the pilots would be measured and assessed prior to making recommendations to Management Team and Members.

Training for those involved was provided and briefing sessions were also arranged for jobholders scheduled to participate in the process. Participating employees were also advised that TU involvement could also extend to observing evaluation interviews (NJC Scheme) but in practice employees did not ask for TU involvement.

3.0 Composition of Pilots

The jobs selected for pilot evaluation are attached to this report as **Appendix 1** and represent a range of jobs requiring differing technical skills and levels of responsibility that are performed in the different environments within the Council. The jobs selected also provided a balance in terms of gender, ethnicity and disability of those carrying out the work.

The job families selected form part of a wider hierarchy within a service and enable both schemes to be assessed in providing relative values of jobs performing a similar type of work but carrying different levels of responsibility and where a reporting relationship exists. The selection also ensured that all aspects of both schemes were fully tested in the pilot and any particular weaknesses of a scheme identified.

4.0 The Pilot Schemes

4.1 The National Scheme (NJC)

Having been developed as part of the Single Status Agreement, this scheme has the support of both TGWU and UNISON nationally and forms part of the Agreement as joint advice. The scheme consists of 4 groups of factors covering:

- Knowledge & Skills
- Effort demands
- Responsibilities
- Environmental demands

A core component of this scheme is the requirement for a job analyst to interview the jobholder and line manager – leading to the completion of a 27-page questionnaire.

4.2 Greater London Provincial Council (GLPC) Scheme

This scheme has been available since the 1980's and since that time has been widely used (primarily in Greater London authorities) but in others outside London since that time. Having been developed initially for use when evaluating former manual posts, the scheme has been extended to cater for the full range of local government jobs. A separate GLPC Scheme exists for use when evaluating Chief Officer posts and this was the scheme used by the Council when Chief Officer posts were evaluated in 2004. Given the support for the NJC Scheme, this is not the preferred scheme of TGWU and UNISON nationally but at branch level locally the GLPC scheme enjoys significant support. This scheme consists of 3 groups of factors covering:

- Job requirements
- Work environment
- Knowledge & Skills

In its basic format this scheme (unlike the NJC Scheme) does not require the jobholder to attend an interview with an analyst. The requirement is for the jobholder in conjunction with a line manager to provide information in the form of a 7-page questionnaire. Alternatively the scheme can operate on the basis of simply studying the agreed job description to provide the required information for evaluation.

5.0 The Results

Based on the result scores, jobs were placed in a rank order at the end of each pilot, to assist with an assessment of fitness for purpose. During the pilot process no direct link has been made to a 'pay to points line'. The exact results in terms of a ranked score, although having been shared with union colleagues as part of joint working are intended to remain confidential. This to avoid any unnecessary issues being raised by any party regarding the position of a job within the rank order as a result of the pilot schemes.

Both schemes produced a list of jobs in relative value rank order based on the factor level total score. Job ranking lists for both schemes were predominantly similar in that they did not fully reflect the relative ranking of jobs within the current arrangements. A small number of jobs appeared to be ranked disproportionately to their current position but were comparably ranked in both the NJC and GLPC schemes. This indicates the potential for a number of jobs to be re-ordered as a result of 'sore thumbing' after the application of JE.

6.0 Issues

There are a number of issues for local authorities to consider in developing an approach to reviewing pay and grading. Issues exist at both strategic and operational level. The strategic issues and pressures include:

- Decisions about whether to use JE and if so, which scheme to use
- Trade union pressures for the use of a particular scheme
- Impact on staff morale – potential for industrial unrest
- Impact on staff recruitment and retention
- Impact on Services (which may be linked to potential costs of implementing JE)
- Any acceptable cost of implementation and the financial parameters
- Consideration of whether savings can accrue
- Externally imposed deadlines
- Issues connected to implementation dates and the possibility of back pay
- Arrangements to consider appeals
- The removal of existing bonus payments
- Arrangements for managerial control of the process
- Future grading systems and pay policy

In an operational sense, the opportunity to complete two pilots has enabled the identification of other issues which include:

- The need to consider enhancing the GLPC scheme by introducing a job analyst- led interview to support the process.
- The consistency in the quality of information provided when completing the job evaluation questionnaires.
- The significant amount of time taken to gather information and evaluate jobs under the NJC scheme.
- The quality of local conventions.
- Some GLPC questions would benefit from some additional probing questions to ensure the level of detail required is obtained.
- The disadvantages of using 2 separate evaluation panels. Although speeding up the process, panel scores were regularly inconsistent.
- The need to develop robust guidelines to support an appeals process should an employee be aggrieved (objectively) about a JE score.
- The importance to be stressed to employees and line managers of the need to provide clear accurate and balanced information about the actual content of a job.
- The basic arrangement within the GLPC scheme (where an analyst was not present during the compilation of job-related information) may have led to a degree of apathy or lack of interest on the part of the jobholder and/or line manager.

7.0 Preferred Scheme Criteria

Steps were undertaken to objectively assess the experience of using both schemes. The trade unions were fully involved and participated in this assessment process. At all times, those involved were mindful of the need for a scheme which offers workable solutions whilst representing an efficient method of completing the process. The JE Sub Group established weighting criteria and assessed each scheme against this.

Having assessed the schemes against the agreed criteria, all members of the sub group scored the GLPC Scheme as their preferred choice. A wider group, comprising evaluators in addition to sub group members has also assessed both schemes, and again the GLPC scheme was preferred by 13 out of 14 officers conducting the exercise.

The Employers' Organisation for Local Government has recently produced a comparison of the NJC and GLPC Schemes based on a survey of local government employers' conducted in autumn 2004. A copy is attached to this report as **Appendix2**.

8.0 Moving Forward

The evaluation of the two schemes appears to confirm that the GLPC scheme would be the preferred scheme to use in the event that JE is considered to be the most effective way to proceed. However,, there are a number of practical issues to be address in advance of the implementation of a scheme.

- Communication arrangements
- Employee engagement/involvement
- Method of evaluation – computerised v manual
- Moderation of results
- Appeals procedure
- Pay modelling

Should the Council elect to use job evaluation as the means for reviewing pay and grading arrangements, all of these issues will be addressed in the first instance by the Single Status Working Group who will in turn make recommendations to Management Team. Appeals procedures will need to be developed and agreed by members of the Personnel Committee. A further report recommending arrangements for considering appeals will be available in due course.

9.0 Pay Modelling

During the course of the pilot schemes no attempt has been made to assign monetary values to the points accrued for various jobs. The piloting of two schemes has been undertaken to allow the experience of using two schemes to be compared rather than to make an assessment of the financial implications of using a particular product. In the event that JE is undertaken, the Council will need to be supported to carry out pay modelling ensuring that the 'pay to points' line is appropriately set to support the council's pay policy. Pay modelling software is available to support this process. A working group, including colleagues from Financial Services will be established to work on pay modelling during the course of carrying out JE. Training is also available from the product provider for staff involved in this important exercise.

10.0 Draft Timetable

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| July 2005 | Single Status Group considers first draft report |
| August 2005 | Management Team considers first draft report |
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| 15 September 2005 | JCC considers report and makes recommendations to Personnel Committee. Report issued to Service Heads for information/response. |
| 17 October 2005 | Management Team considers report post consultation |
| 08 November 2005 | Personnel Committee considers report |
| November 2005 | Staff briefings re JE. Link software training for JE Scheme and pay modelling. |
| December 2005 | Evaluation process begins |
| December 2005 ongoing | Pay modelling process |
| December 2006/January 2007 | Evaluation completed |
| February/March 2007 | Consider appeals. Finalise Pay Policy and pay to points line. |
| April 2007 | Implement JE |

This timetable is intended to be illustrative rather than prescriptive and will in part depend on the resources available to dedicate to the work of the pay and grading review. It assumes a full staffing complement in HROD and Financial Services by December 2005.

12.0 Trade Union Position and consultation

The Local Government Pay Commission reporting in October 2003 stated

'We recommend that there should be an onus on the employer proposing to use a scheme other than the jointly designed NJC Scheme to demonstrate as far as is reasonably possible that it is fit for purpose in terms of its ability to cover all the jobs concerned and in terms of conformity to equality principles in design and implementation. If this is done, then union representatives should not oppose its use (or insist on the NJC Scheme) on those grounds.'

TGWU and UNISON have been fully involved throughout the pilot process. Nationally, both TGWU and UNISON promote and support the NJC scheme. However at local branch level, 5 out of the 6 Trade Union representatives involved in the pilots preferred the GLPC scheme based on practical experience of piloting both schemes. The unions locally recognise that, although originally developed for use in Greater London authorities, the GLPC scheme has been adopted for use by large numbers of authorities and that this has been done successfully.

The Trade Unions have been asked to provide a response as to their position following the completion of the pilot. Responses received from UNISON and TGWU prior to the meeting of the Joint consultative Committee are attached to this report **at Appendix 3** and were considered at a meeting of the JCC held on 15 September last. Since the meeting of the JCC, the report has continued to be made available for the purpose of full consultation will union representatives in accordance with the Consultation and Negotiation Protocol. The deadline for receipt of responses was 14 October. A further

response was received from TGWU dated 11 October and a copy is attached for information along with the officers' response to that letter.

Members will note that all posts (excluding Chief Officers and Chief Executive) are recommended for inclusion within job evaluation. The GLPC Scheme for Chief Officers was used to evaluate Director and Service Head posts in the authority in 2004. Whilst Craft Workers, most of who are represented by UCATT and AMICUS (although TGWU and UNSION represent some) are excluded from the Single Status Agreement, it is proposed that craft worker jobs are evaluated as part of this process. This will mean that the 'whole organisation' has the potential to benefit from this approach and that all jobs can be considered for their relative merit and value to the organisation. Craft worker unions have been consulted on the proposal to include these posts but at the time of finalising the report (24 October), no consultation response had been received. Members will be updated on this position if necessary at the meeting.

14.0 Options and Options Analysis

Option 1

Use the GLPC Scheme to evaluate all Council posts with the exception of Chief Executive and those within the scope of the JNC for Chief Officers of Local Authorities.

Option 2

As option 1 but use the NJC Scheme to evaluate Council posts.

Option 3

Conduct a local pay and grading review using alternative arrangements that fall short of full job evaluation.

Options Analysis

Option 1 is the preferred officer option. Job evaluation is widely regarded as the most effective method of reviewing pay and grading structures and the experience of conducting two pilots has led to the conclusion that the GLPC scheme is the most efficient option. The use of JE should ensure that the Council is able to robustly defend claims of equal value/equal pay if challenged about perceived unfairness or inequity. The use of JE will inform the development of pay policy and the review of grading arrangements to support the exercise will also ensure that the principles of Single Status are fully embraced.

The NJC Scheme has been in use (albeit limited in the NW region) since 1997 and even now, some authorities report a lack of suitability with the scheme to evaluate 'professional' jobs. These jobs are most likely to be graded at Principal Officer level and this has led to some authorities introducing an additional scheme (typically Hay) to deal with posts at this level. In itself, this course of action can be problematic in that it has the potential to expose Councils to equal value claims based on a perceived lack of fairness owing to the implementation of two schemes which calls into question the basic principle of Single Status. The EOC has warned employers of the dangers of using different schemes to evaluate posts at different levels because of the automatic unfairness that is generated through this course of action.

To conduct a pay and grading review in a more limited way than using JE will not remove the exposure to claims that the job has not been done properly and may

destabilise the Council's grading structure. Employees whose jobs that during a more limited exercise do not have access to the same evaluation arrangements can still insist on JE for their posts, creating uncertainty about whether or not a more limited exercise would indeed be more cost effective.

The Council subscribes to the NJC for Local Government Services and is bound through that involvement to implement core terms and conditions for employment. These core terms and conditions include the implementation of agreements on pay. The 2004 Pay Settlement requires local authorities to review pay and grading structures by 2007 and so to do nothing is not considered a realistic option.

To review local pay and grading arrangements without using JE, whilst possibly allowing the council to claim compliance with the 2004 agreement on pay, may leave it exposed to the potential for equal pay/equal value claims. A more limited exercise may lead to widespread unrest within the workforce based on a perception that a partial process may be unfair or less than thorough.

FINANCIAL IMPLICATIONS

At this stage it is impossible to be precise about the costs associated with job evaluation. The exercise is unlikely to be cost neutral, although steps can be taken to minimise the impact.

Potential costs will fall into two categories. Firstly, any additional costs arising from conducting the evaluation are expected to be met from the budget provision set aside in 2005/06 – currently £50,000. Recent research carried out by the Employers' Organisation for local government has revealed that on average the process of JE takes 21 months to complete (although this is expected to be less in district councils) and that an average cost of evaluating a job is £236. Some of these costs are also expected to be met from the salary budget within HR, for example, it is anticipated that staff within the HROD Service will undertake the role of analyst.

Secondly, the Council must consider whether or not (and to what extent) costs may arise from the implementation of JE once the process has been completed, through the updating of the Council's Pay Policy and grading structures, together with timing and transitional considerations. As yet though it is not clear to what extent the Council will face costs arising from these. Whilst there is data available on the average costs facing local authorities to date (EO research indicates that the average pay bill increase experienced after implementing JE is 3.7%), this is clearly influenced by decisions taken locally. These will need to be addressed prior to the Council actually approving its pay policy and establishing the pay to points line and grading structure; full financial implications will be presented as appropriate in subsequent reports.

Overall, the Council will need to consider how best to make provision for or address any costs associated with implementation of JE from 2006/07 onwards, whilst acknowledging that the implementation of JE can not be supported by local agreements which will incur above inflation pay bill increases without putting either the Council's council tax targets or the current level of established posts under threat. It is recommended that Cabinet be requested to consider this need, in view of the financial implications outlined above, and in context of the current budget process and the Council's Medium Term Financial Strategy.

LEGAL SERVICES COMMENTS

Legal Services have been consulted and their comments have been incorporated in the report.

COMMUNITY SAFETY IMPLICATIONS

There are none arising from this report

EQUAL OPPORTUNITIES AND RACE EQUALITY IMPLICATIONS

Job evaluation is widely regarded as the most appropriate mechanism to use to ensure that the Council's pay and grading structures and policies are free from bias.

SECTION 151 OFFICER COMMENTS

As highlighted in the report, the pilots have been undertaken to allow comparison of the practical experience of using the two schemes. They do not provide any information as to the likely financial implications, as these will be appraised as the work on establishing the pay to points line and the Council's Pay Policy & grading structure progresses.

The actual decision regarding which scheme to use does not have any direct financial implications for the pay bill, it only has resources implications for completing the evaluation exercise as outlined above. Some £50K provision has been made already; whether this is sufficient will depend on the staffing position and workload of HROD and also Financial Services to a lesser extent. This provision has been highlighted in various reports to Cabinet and it will be reviewed in the forthcoming budget process etc.

Any ongoing financial impact from changes to the pay bill would arise from the approval of the Council's Pay Policy and grading structure, which has not (and cannot) be determined as yet; it will be the subject of further reports for approval by Members. The work supporting this (e.g. establishing the pay to points line) is crucial in ensuring that the Council knows the financial consequences of its pay policies and that it can actually afford the results. There is much work to do in this area and the potential impact of any possible local agreements will need to be accurately assessed and considered.

For background information the report highlights in average terms the experiences of other local authorities regarding their pay bills following JE evaluation. It is important that Members recognise that local agreements could have a significant impact, but that finances are limited. Members will no doubt be aware of some local authorities' experiences of implementing full JE and the financial (and other resulting) difficulties that have ensued. It is imperative that this Council does not experience such difficulties and the structured approach outlined in the report should support this.

MONITORING OFFICER COMMENTS

The Monitoring Officer has been consulted and his comments reflected in the report.

BACKGROUND PAPERS

Single Status Agreement 1997

Equal Pay Act 1970

Previous reports including report to JCC dated 15 September 2005