

<b>9 March 2015</b>		<b>ITEM: 5</b>
<b>General Services Committee</b>		
<b>Pay and Reward Review</b>		
<b>Wards and communities affected:</b> None	<b>Key Decision:</b> None	
<b>Report of:</b> Neil Mercer, Interim HR Policy and Strategy Manager		
<b>Accountable Head of Service:</b> Jackie Hinchliffe, Head of HR, OD and Transformation		
<b>Accountable Director:</b> Graham Farrant, Chief Executive		
<b>This report is:</b> public		

## Executive Summary

This report provides an update on the pay and reward review. It has been brought to GSC as a decision is required concerning the council's job evaluation scheme.

### 1. Recommendation

- 1.1 That the General Services Committee authorises the adoption of the Greater London Provincial Council's (GLPC's) job evaluation scheme to evaluate all role profiles developed as part of the pay and reward review, and that the council should use the GLPC scheme thereafter.**

### 2. Introduction and Background

- 2.1 In 2013 it was proposed that Thurrock should change their pay and grading structure. The existing model was found to be inflexible and band widths were too long (eg Band 9 contains 11 pay points) and overlapped. As such, it risked breaching equal pay legislation.
- 2.2 Many local authorities were successfully adopting job families as an alternative. The Chartered Institute of Personnel and Development listed four key reasons to take this approach, as follows:
- individuals can identify organisation-wide career paths
  - there is greater flexibility
  - it enables closer links to market rates

- it improves the staff appraisal process by linking reward more closely with personal contribution and progress
- 2.3 A job family structure for Thurrock was approved by DB on 4<sup>th</sup> April 2014, however further work on this review was suspended in July 2014 as it could not be resourced at that time.
- 2.4 A new way of continuing this review has now been identified. It requires far fewer internal resources, primarily because 'off-the shelf' products are now available at no extra cost to the council. A revised outline project plan is attached at Appendix 1.
- 2.5 This review offers an excellent opportunity to examine whether the Council is using the best possible job evaluation scheme and, if it isn't, to switch to better scheme.

### **3. Issues, Options and Analysis of Options**

- 3.1 At present, the Council engages the services of an external provider (The Reward Partnership) to carry out job evaluations using the James scheme. The cost of this service is £80 per evaluation and, for example, from October 2012 to March 2014 185 jobs were evaluated at a total cost of £14,800. This does not include the amount of officer time which is spent preparing posts for evaluation.
- 3.2 NGA Ltd, who are assisting the Council with this review, have conducted an assessment of schemes used in local government which are compliant with equal pay and single status requirements. The most widely used scheme is the Greater London Provisional Council (GLPC) Scheme, now owned by London Councils.
- 3.3 The GLPC scheme was developed and agreed with the Equal Opportunities Commission and trade unions in London and launched in 2000. It reflects best practice and complies with single status.
- 3.4 The GLPC scheme could be administered either manually or online, at the following cost:

Method	Requirements	Costs	Total
<b>(i) Manual GLPC scheme</b>	Licence from London Councils  JE scheme training for HR staff	£5,000 one-off payment  Two-day on-site training by London Councils: £1,800	<b>£6,800 in yr 1 only</b>
<b>(ii) Online GLPC scheme (NGA Ltd are licensed by London Councils to host the software for this scheme)</b>	Initial licence fee to Northgate  Local systems development  Annual maintenance and support  JE scheme & IT systems training for HR staff	£15,440 one-off payment  3 days @ £875 pd one-off payment = £2,625  £2,911 pa  Two-day on-site training by NGA Ltd: £2,500	<b>£23,476 in yr 1, £2,911 pa thereafter</b>

3.5 It is recommended that the online version is used: although this is more expensive to operate, it is quicker. Costs would, then, be recovered over time as fewer officer-hours would be required to administer the scheme.

3.6 The introduction of job families would also reduce job evaluation costs as it would no longer be necessary to devise and evaluate individual job descriptions, of which there are approximately 800 at present. In the future, a far smaller number of role profiles (estimated by NGA at 60-72) would be subject to an evaluation process.

#### **4. Reasons for Recommendation**

4.1 To ensure an up-to-date, best practice pay and grading structure which is approved by the GLPC, trade unions and the former Equal Opportunities Commission.

4.2 To help enable more accurate comparisons between Thurrock's pay system and those of other local authorities.

4.3 To cut job evaluation costs by at least 50%.

#### **5. Consultation**

This report was discussed at Directors' Board on 27<sup>th</sup> January 2015, where it was agreed that the recommendation in Section 1 above should be submitted to GSC.

## **6. Impact on corporate policies, priorities, performance and community impact**

If approved, the new job evaluation scheme will be instrumental in determining matters relating to pay, such as grading, performance and market supplements.

## **7. Implications**

### **Financial**

Implications verified by: **Sean Clark**  
**Head of Corporate Finance**

- 7.1 The costs of past and future involvement by pay specialists NGA Ltd were authorised, and paid for in full, in 2014. The only additional costs in 2015/16 would be those associated with the adoption of the GLPC job evaluation scheme, as outlined in Section 3 above.
- 7.2 Switching to job families should represent an on-going, annual saving of at least 50% in job evaluation fees.

### **Legal**

Implications verified by: **Chris Pickering**  
**Principal Solicitor: Employment and Litigation**

- 7.3 It is important to move to a new pay and grading structure as soon as possible in order to help safeguard the council from the risk of equal pay claims, as outlined in Section 2.1 above.
- 7.4 Adopting a new job evaluation scheme such as the GLPC's, which has been approved by the trade unions and the former Equal Opportunities Commission, will help to ensure that pay and reward at Thurrock is legally compliant.

### **Diversity and Equality**

Implications verified by: **Teresa Evans**  
**Equalities and Cohesion Officer**

- 7.5 The Equality and Human Rights Commission (EHRC) deem long and overlapping pay grades to be 'high risk practices' as they can result in discrimination the grounds of gender<sup>1</sup>.

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<sup>1</sup> <http://www.equalityhumanrights.com/private-and-public-sector-guidance/employing-people/equal->

7.6 They recommend 'specific justification to be provided for increments beyond six', and warn that 'it is not uncommon for those at the bottom of an overlapping scale to be undertaking work of greater value to those at the top of the lower scale'.

7.7 Switching to the GLPC job evaluation scheme as part of this pay review would, then, address the EHRC's concerns and move Thurrock towards a best-practice system.

**Other implications** (where significant) – i.e. Staff, Health, Sustainability, Crime and Disorder)

7.8 All Council employees on single status conditions would have their grade and pay reviewed as part of this process.

8. **Background papers used in preparing the report** (including their location on the Council's website or identification whether any are exempt or protected by copyright):

- Report by NGA Ltd

9. **Appendices to the report**

Appendix 1: Outline project plan

**Report Author:**

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Chief Executive's Department