

Report of Chief Executive

Single Status & Job Evaluation - Pay Protection & Prior Consideration

Background

1. As part of the national Single Status Implementation Agreement 2004, Elected Members will be aware from the previous item on this agenda that local pay reviews must be completed and implemented by 31 March 2007. The Council and Trade Unions need to reach agreement on new local pay and grading structures and systems by April 2006 with the National Joint Council encouraging a joint approach to pay reviews.
2. The 2004 Agreement requires that local pay and grading reviews should include discussions on the following issues:
 - a new pay and grading structure
 - proposals for protection
 - proposals for premium rates
 - proposals for progression
 - proposals for back pay
 - proposals for bonus and other performance payments
 - proposals for any cost savings or productivity improvement required to offset the costs of implementation

Issues

3. A Joint Single Status/Job Evaluation Steering Group has been established and is looking at a number of these issues including the issue of pay protection and has developed a number of proposals on the issue.
4. The job evaluation process will have different impacts on different occupational groups. Downgrading of jobs may result from the removal of anomalies in the current grading system, where previous pay rates are above the new rate for the job. There may also be an impact from the potential withdrawal of payments/allowances including bonus-schemes. In recognition of this, local authorities are required to develop proposals for pay protection although the details are a matter for local determination.
5. Such arrangements must not, however, perpetuate long term unequal pay for jobs that have been assessed as being of equal value under the job evaluation scheme. Such an outcome could lead to equal pay claims. Consequently, any pay protection arrangements dealing with past pay anomalies must be time limited with the aim of achieving pay equality as soon as possible.

Proposals

6. The key elements of the proposed pay protection arrangements developed by the Joint SS/JE Steering Group include:
 - Establishing and confirming the principle that where staff remuneration is adversely affected by pay reviews/job evaluation, pay protection will apply.
 - It is the salary that is protected, not the grade or spinal point
 - Pay protection will be the difference between remuneration immediately before and after the reduction.
 - Pay additions such as bonus will be protected whilst non-contractual payments such as occasional overtime, honoraria etc will not.
 - Protection will be afforded for **either** 3 years from the date of reduction **or** until the employee's substantive remuneration catches up with the protected remuneration (eg pay awards, regrading, etc) whichever is the lesser period.
 - Possibilities of genuinely enhancing duties and responsibilities to make them commensurate with the protected grade, whilst ensuring that such arrangements are applied consistently and fairly.
 - Implementation of prior consideration arrangements to those downgraded for posts equivalent to or lower than the original grade.
 - Consideration of genuine hardship cases following the end of the pay protection period.
7. In addition to offering pay protection for those downgraded, the Group thought that there might be positive benefits if the Council offered practical support to enable such employees to secure jobs nearer to or at their original pay level. Assisting staff in that way would, if it could be achieved, reduce the overall amount of pay protection.
8. Key features of the proposed prior consideration arrangements developed by the Joint SS/JE Steering Group include:
 - Staff that are downgraded will be allowed to apply for jobs under prior consideration if they wish.
 - Such staff will be treated equally, irrespective of the level of protection they have.
 - Applications made will only be considered for jobs up to and including their previous level/grade.
 - Advice and practical support e.g. interview techniques, help in completing application forms, etc will be made available.
 - Whilst existing concurrent advertising arrangements will continue, prior consideration application forms will be considered separately and first.
 - Although no interviews are guaranteed, prior consideration applications that meet the essential criteria should be interviewed in accordance with Council's Recruitment and Selection policy and procedure.
 - Reasons for non-appointment of prior consideration applicants should be recorded. Consideration of other internal applications would be the next step that may in turn release another vacancy for prior consideration candidates.
 - If it is not possible to fill the post internally, external applications may be considered.
 - Trade Union consultation throughout the process.
9. The Committee needs to be aware that the basis of the 3-year pay protection proposal being put forward by the Joint SS/JE Steering Group was the National, Statutory

Detriment Scheme that was used at LGR in 1996. A number of local authorities in Wales have confirmed that they would like to secure, or have already done so, similar “3-year deal” on pay protection. Other local authorities, however, are trying to secure pay protection periods of less than 3 year and one local authority is attempting to “link” the issues of pay protection and back-pay in the negotiations in an attempt to reduce overall costs.

10. In anticipation of yet another challenging & difficult budget round facing the Council for the 2006/07 financial year, senior managers in Legal & Democratic Services, Human Resources and Financial Services have met to review the position and have concluded that this Committee ought not to be asked to agree any specified pay protection period at this moment in time as there is no information available on the potential costs of any pay protection “deal”.
11. It is anticipated, however, that when the JE pilot exercise has been completed it will be possible, at the very least, to give a reasonably accurate estimate of the potential costs and Members will then be in a better position to make a more informed decision on this vitally important issue. Although this will come as a disappointment to those serving on the Joint SS/JE Steering Group, this report recommends that a commitment, in principle only, to pay protection be agreed and that a further report be submitted to this Committee once a clearer picture has emerged as to the cost implications.
12. The UNISON representatives on the Steering Group explained that in 2003 they had secured a mandate from their members that they should only participate in Job Evaluation if there was lifetime pay protection for staff whose salary was reduced. UNISON now understood that this stance was unsustainable in that it would perpetuate inequalities in pay and stated that they would have to explain this to their membership and try to reach agreement on a different position. Consequently UNISON held a special general meeting with its members.
13. At the most recent meeting of the Steering Group held on 20 July UNISON reported that they had secured a new mandate from their members on this issue and that they would now be seeking 5 years protection. Despite the fact that the Steering Group had previously agreed on 3 years the other Trade Unions indicated their support for UNISON’s position.

Investment for Reform/Benefit to Service Users

- 14.. In undertaking the local pay review, the Council will be able to address the issue of equal pay and develop a non-discriminatory, modernised pay and reward system that will support a high performance and highly skilled workforce to better serve the people of Cardiff.
15. If the principle of pay protection is not agreed, the Council can expect to see a significant deterioration in employee relations as well as increased recruitment and retention problems all of which will have a detrimental effect on front-line service delivery. The prior consideration proposals will give practical support & assistance to “downgraded” staff in order to retain their services in the Council. This will also have a positive effect in terms of employee relations and, for every person assisted to get closer to or back to his/her original pay level i.e. prior to the job evaluation exercise, there will be a corresponding reduction in the amount of money being spent on pay protection.

Council Policies Supported

16. The report supports all Council policies that require a skilled and motivated workforce to deliver their aims and objectives.

Advice

17. This report has been prepared in consultation with relevant Corporate Directors and reflects their advice. It contains all the information necessary to allow Members to arrive at a reasonable view, taking into account the following advice.

Legal Implications

18. All decisions taken by or on behalf of the Council must (a) be within the legal powers of the Council; (b) comply with any procedural requirement imposed by law; (c) be within the powers of the body or person exercising powers on behalf of the Council; (d) be undertaken in accordance with the procedural requirements imposed by the Council eg. standing orders and financial regulations; (e) be fully and properly informed (f) be properly motivated; (g) be taken having regard to the Council's fiduciary duty to its taxpayers; and (h) be reasonable and proper in all the circumstances.

Financial Implications

19. In overall terms, it is anticipated that single status and job evaluation will have significant financial implications for the Council in future years although at this stage it is not possible to assess the full impact of any costs. This report sets out proposals for pay protection and prior consideration, with the recommendation that the principle of pay protection be agreed but without a specified pay protection period being approved at this stage. The costs of pay protection cannot be calculated at the present time and will only become clear as the process of job evaluation progresses. A further report will therefore be submitted to the Committee once a clearer picture has emerged as to the cost implications. No specific financial implications are anticipated as a result of the proposals on prior consideration although if successful, this could assist in reducing the costs of pay protection.

Human Resource Implications

20. The review of the pay structure should result in a fair and non-discriminatory grading structure for all employees who come under the terms of the Single Status Agreement. In order for the Council to be able to properly answer and defend equal pay claims, it is essential that the pay reviews, including job evaluation, is carried out.
21. As part of the National Agreement, the Council is required to review and develop proposals in relation to a number of issues. The employee relations implications of implementing job evaluation outcomes are significant and agreeing the principle of pay protection and the prior consideration proposals will provide reassurance and practical assistance to those staff whose jobs are subsequently downgraded.

Trade Union Comments

22. At the meeting of the Steering Group on 20 July the Trade Unions were very disappointed to learn that the recommendations of this report were only seeking agreement in principle to pay protection without any agreement on the length of time. They felt it indicated that to the Council, equality was related to money and this should not be the case. They expressed the view that it was totally unacceptable to expect them to proceed with this exercise without first gaining some guarantees for their members. They felt strongly that agreement needed to be reached on this and other issues before any pilot exercise can commence. They expressed the view that some indication of possible costs could be obtained prior to undertaking a pilot exercise. They also added that they felt the Council had had sufficient time since 1997 to put sums of money aside to pay for this exercise.
23. UNISON, GMB and TGWU stated very clearly that if the Committee endorsed the proposals on pay protection as they stood then they would declare a dispute with the Council. They asked that they be afforded the chance to meet with the Administration at the earliest opportunity and added that they felt there was no point in the Steering Group continuing to meet until this issue had been resolved to their satisfaction.

RECOMMENDATIONS

It is recommended that the:-

1. principle of pay protection be agreed and that a further report, which would include proposals for the duration of the pay protection period, be submitted to this Committee once the potential costs have been estimated;
2. prior consideration arrangements as outlined in the report be approved

BYRON DAVIES
CHIEF EXECUTIVE

19 July 2005