

HR Committee

24th November 2016



Report of: Service Director HR & Workplace

Title: Pay reform

Ward: N/A

Officer Presenting Report: Richard Billingham

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Recommendations

That the Committee notes this report and endorses the need for this work to be included in the Council's Corporate Strategy for 2017-2022.

That a further report be brought to the Committee's next meeting to advise on the progress of discussions with the trade unions, and indicate the level of funding required to complete this work.

Summary

The report updates the Committee on plans to reform the "Single Status" (Green Book) pay spine.

The significant issues in the report are:

- The adoption of the Living Wage Foundation Living Wage means that all employees on grades BG1 to the lowest point of BG5 are paid at the same rate, which is becoming increasingly problematic in terms of employee morale and filling supervisory positions.
- At higher grades we are struggling to remain competitive on pay in relation to certain occupations (such as engineers and social workers), which is hampering our ability to attract, recruit and retain high quality candidates. This situation has been exacerbated by the recent history of public sector pay freezes and minimal pay awards resulting from national government policy.
- There are some underlying issues with the Council's pay spine which whilst bearable at the time of Single Status implementation in the early 2000s now need to be addressed.
- Building on work undertaken jointly with the trade unions since 2012/13, outline principles for change in respect of BG1 to BG15 have been arrived at. In the most recent discussions with trade union colleagues, 1st April 2018 has been suggested (by the management side) as the aim-for implementation date.

Policy

1. The Council's current Pay Policy Statement states as a development priority that it "will work to reform its pay structure during 2016/17 with the intention of implementing changes from April 2017. The new pay structure will take the Living Wage Foundation Living Wage (£8.45 per hour from 1st April 2017) as its starting point and will cover Bristol Grades 1 to 18 in a phased approach. Proposals will be subject to equality impact assessment and will be negotiated with the trade unions. Regular reports will be provided to the Human Resources Committee".

Consultation

2. **Internal**
An earlier draft of this report has been shared with GMB, UNISON and Unite, and feedback has been incorporated.
3. **External**
None because this report is for information only.

Context

4. The "Single Status" (Green Book) pay spine is part of the national agreement of the National Joint Council for Local Government Services. Each council is free to divide up the points in the national spine as it sees fit, and there is no requirement to use every point. The Council uses the pay spine as the basis of grades for the majority of its staff. These currently run from Bristol Grade (BG)1 to BG15. The national spine stops at Spinal Column Point 49, but the Council has historically added its own Points on top of this and currently adds points 50, 51 and 52 in order to create BG15.
5. BG1 to BG4 exist in name only because the value of the points that make up these grades (points 6 to 12) fall below the Living Wage Foundation Living Wage. This has removed differentials between staff meaning that all employees on grades BG1 to the lowest point of BG5 are paid at the same rate, which is becoming increasingly problematic in terms of employee morale and filling supervisory positions.
6. At higher grades we are struggling to remain competitive on pay in relation to certain occupations (such as engineers and social workers), which is hampering our ability to attract, recruit and retain high quality candidates. This situation has been exacerbated by the recent history of public sector pay freezes and minimal pay awards resulting from national government policy.
7. In addition, there are some underlying issues with the Council's pay spine – specifically the unequal pattern of job evaluation points assigned to each grade and sharing of spinal column points between grades – which whilst bearable at the time of Single Status implementation in the early 2000s now need to be addressed.
8. New pay rates for Chief Officers (Tiers 1 and 2) and Tier 3 managers were developed and consulted on earlier this year and were implemented on 1st June 2016. These replaced the previous grades BG16 to BG18, as well as those for Service Directors and Strategic Directors.

9. Building on work undertaken jointly with the trade unions since 2012/13, outline principles for change in respect of BG1 to BG15 have been arrived at. These are attached at Appendix A. In the most recent discussions with trade union colleagues, 1st April 2018 has been suggested (by the management side) as the aim-for implementation date.
10. At the same time, work is underway nationally through the NJC for Local Government Services. This is primarily aimed at incorporating the National Living Wage (ie, not the Living Wage Foundation) into the pay spine on a sustainable basis. The announcement and terms of reference for the (national) joint review are attached at Appendix B. It is estimated that conclusions will be known by the end of June 2017. From the Council's view, any changes to the value of points in the national spine are relevant to the work we are undertaking – less so at the lower end of the spine where the Living Wage Foundation Living Wage takes precedence – but there is no need for us to wait for the outcomes of the national review before we proceed locally.
11. For reference, the Council's current Single Status pay spine is attached at Appendix C. The pay of the Chief Executive, Strategic Directors and Service Directors is set out in the Council's Pay Policy Statement.

Proposal

12. That the Committee notes this report and endorses the need for this work to be included in the Council's Corporate Strategy for 2017-2022.
13. That a further report be brought to the Committee's next meeting to advise on the progress of discussions with the trade unions, and indicate the level of funding required to complete this work.

Other Options Considered

14. None because this report is for information only.

Risk Assessment

15. None because this report is for information only.

Public Sector Equality Duties

- 16a) Before making a decision, section 149 Equality Act 2010 requires that each decision-maker considers the need to promote equality for persons with the following "protected characteristics": age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation. Each decision-maker must, therefore, have due regard to the need to:
 - i) Eliminate discrimination, harassment, victimisation and any other conduct prohibited under the Equality Act 2010.
 - ii) Advance equality of opportunity between persons who share a relevant protected characteristic and those who do not share it. This involves having due regard, in particular,

to the need to --

- remove or minimise disadvantage suffered by persons who share a relevant protected characteristic;
 - take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of people who do not share it (in relation to disabled people, this includes, in particular, steps to take account of disabled persons' disabilities);
 - encourage persons who share a protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.
- iii) Foster good relations between persons who share a relevant protected characteristic and those who do not share it. This involves having due regard, in particular, to the need to –
- tackle prejudice; and
 - promote understanding.

16b) No equality impact assessment has been undertaken because this report is for information only.

Legal and Resource Implications

Legal

The Council should continue to seek HR and legal advice as it develops the new pay structure.

Kate Fryer, Solicitor
14 November 2016

Financial

(a) Revenue

As indicated in the report, the financial implications of the revised/proposed new pay structure are not yet known as this is currently being developed. It is, however, essential that the financial implications of the proposed new pay structure are fully costed, over the period of the Medium Term Financial Plan (MTFP), to review its affordability in the context of the Council's overall budget constraints. Given the planned introduction of 1st April 2017, it is essential that this is considered as soon as possible to ensure that it can be considered in the context of the Council's MTFP.

The financial implications of a new pay structure for grades BG1 to BG15 have not been built into the Council's current MTFP as a cost pressure. Therefore, any additional overall cost of a new pay structure will result in an additional cost pressure, which will need to be managed within the available resources.

Advice given by: Janet Ditte, Service Manager: Finance Business Support

Date: 16th November 2016

(b) Capital

Not applicable.

Land

Not applicable.

Personnel

Implications are referred to throughout the report.

Appendices:

- A Replacing BG1-15 – Design Principles
- B NJC Pay Spine Review – Circular and Terms of Reference
- C Current Single Status pay spine

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985**Background Papers:**

None.