



Cabinet 15 May 2013

Single Pay and Reward Strategy (May13/02)

1. Summary and reasons for recommendation

- 1.1 This report updates Members on the progress to move to a Single Pay and Reward Strategy across both Forest Heath District Council (FHDC) and St Edmundsbury Borough Council (SEBC). A period of negotiation with Unison, followed by a Unison ballot to adopt a new collective agreement has taken place, to cover all staff across both workplaces other than senior management.
- 1.2 The two Councils are now in a position to agree the new Single Pay and Reward package with Unison for adoption by collective agreement from 1 June 2013.
- 1.3 This report seeks delegated authority to formally enter into a new collective agreement with Unison, the recognised trade union, on the pay and terms and conditions for posts below senior management level, which will complete the outstanding pay review.
- 1.4 The rates of pay of senior management (the Chief Executive, Directors and Heads of Service) are determined by local agreement with that group. However all other aspects of the remuneration and benefits of the senior management team are covered within this new collective agreement.
- 1.5 The attached collective agreement details the new Pay and Reward Strategy, which has been developed and agreed in accordance with the criteria set by Members in Cabinet Reports FHDC CAB12/033 (2 October 2012) and SEBC D128 (12 September 2012). In particular, the 7 year projected costs are cost neutral, in that they are within 0.13% of the existing pay budget for that period.
- 1.6 Subject to Cabinet approval, the recommendation contained in this Report will also be considered by full Council on 16 May 2013. A similar report was presented to FHDC's Cabinet on 9 April 2013 will be considered by FHDC's full Council on 8 May 2013. This is because:
 - (a) it was a condition of the shared services programme agreement between both Councils that proposals should be reported back to full Councils, as appropriate; and
 - (b) under the Localism Act 2011, the Pay Policy Statement is required to be adopted by full Council on an annual basis. It is therefore, proposed that this key development be reported to each Council.

2. Recommendation

- 2.1 Subject to the approval of the respective full Councils, it is **RECOMMENDED** that the Joint Chief Executive be given delegated authority, in consultation with the Portfolio Holders for Performance and Resources (SEBC) and Resources, Governance and Performance (FHDC), to sign and adopt the collective agreement with Unison contained in Appendix 1 to Report D375, which details the Councils' new Single Pay and Reward Strategy.

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3. Corporate priorities

3.1 The recommendation meets the following, as contained within the Corporate Plan:

- (a) Corporate priority 3: *'Working together for an efficient Council'*

4. Key issues

4.1 At the meetings of both FHDC (19 October 2011) and SEBC (25 October 2011) full Councils, it was resolved that authority be given to the Shared Services Steering Group to develop a common payline (Minutes 585 and 59 respectively refer). This was subject to the cumulative cost of any new payline being within the total pay budget and not eroding the planned savings across the partnership. FHDC also resolved that proposals should be reported back to full Councils, as appropriate.

4.2 The pay and terms and conditions for the staff across both workforces are part of a collective agreement with the recognised trade union, Unison. The process of changing terms and conditions must follow a legal process which includes a 90-day period of meaningful two way consultation and negotiation with Unison with a view to reaching a new collective agreement. The outcome of the new collective agreement is that the revised terms are to be incorporated into the contractual terms of all staff.

4.3 Both FHDC and SEBC and Unison recognise the value of reaching agreement in this way and are pleased to have reached agreement collectively on the proposed Single Pay and Reward Strategy.

4.4 The following criteria were agreed to guide the development of a new payline and terms and conditions:

- (a) single terms and conditions across both workforces;
- (b) affordable: within the Mid Term Financial Strategy (MTFS);
- (c) attractive: to recruit and retain;
- (d) responsible: maintains reputation;
- (e) legal: satisfies equality requirements;
- (f) fair: minimises risk of challenge;
- (g) drives: new organisational values;
- (h) rewards excellent performance;
- (i) manages unacceptable performance; and
- (j) capable of achieving a collective agreement.

4.4.1 The collective agreement has also been shaped and guided by the joint guidance agreed by the East of England Regional Council as a good practice approach to dealing with change in local authorities.

4.5 A single payline and a single set of terms and conditions is now ready for approval by both Councils. This includes renegotiation of local arrangements for other terms including leave, overtime and premium rates, and pay protection.

- 4.6 The new single payline model meets the agreed criteria. The main features of this model are as follows:
- (a) a pay structure which is different to those currently in place at each Council;
 - (b) uses the national pay spine;
 - (c) compression at the top and bottom of the payline, with the national living wage for contracted staff at the bottom;
 - (d) cost neutral modelled on 8% staff turnover and 33% performance based progression;
 - (e) pay protection reduced from 3 years to 1 year;
 - (f) 9 grades mainly with 6 progression steps and consistent job evaluation points;
 - (g) little overlap of grades but one shared point which meets equal pay guidance;
 - (h) benchmarked against the median market pay in the East of England Public Sector; and
 - (i) reduces the need for market supplements.
- 4.7 The Councils and Unison are now in a position to adopt the Single Pay and Reward Strategy and associated new payline, subject to approval by both full Councils.
- 4.8 Section 38/11 of the Localism Act 2011 requires local authorities to produce an annual Pay Policy Statement (PPS). The final Joint Pay and Reward Strategy agreed under these delegations will be reported to each Council with the PPS for adoption at the same time.

5. Other options considered

- 5.1 Various payline models have been tested but the final model provides the best fit against the agreed criteria.
- 5.2 A 'do nothing' option is not a consideration as a new single cost-neutral and fit for purpose pay structure for the shared organisation, that protects the financial costs and savings moving forward, whilst providing sound and effective processes for managing pay linked to performance.

6. Community impact

6.1 Crime and disorder impact *(including Section 17 of the Crime and Disorder Act 1998)*

6.1.1 None.

6.2 Diversity and equality impact *(including the findings of the Equality Impact Assessment)*

6.2.1 Equality data for the existing workforce has already been shared with Unison. Detailed Equality Impact Assessment have been prepared and shared with Unison who are satisfied that the new Collective Agreement will not raise any equalities issues.

Further, the shared payline removes any perceived unfairness that could exist where two separate workforces are working alongside each other.

6.3 **Sustainability impact** *(including completing a Sustainability Impact Assessment)*

6.3.1 None.

6.4 **Other impact** *(any other impacts affecting this report)*

6.4.1 None.

7. **Consultation** *(what consultation has been undertaken, and what were the outcomes?)*

7.1 Full and meaningful consultation and negotiation has taken place with local, regional and national Unison. This includes the statutory 90 days collective consultation, followed by a Unison ballot of members that resulted in an overwhelming positive vote to accept the proposals.

8. **Financial and resource implications** *(including asset management implications)*

8.1 The process for developing a Single Pay and Reward Strategy has been undertaken within existing budgets.

9. **Risk/opportunity assessment** *(potential hazards or opportunities affecting corporate, service or project objectives)*

9.1 Report D128 to Cabinet noted the following risks:

Risk area	Inherent level of risk (before controls)	Controls	Residual risk (after controls)
	High/Medium/Low		High/Medium/Low
Achieving a collective agreement with Unison	High	Clarity with Unison on the timeframe and keeping to it. Sharing information with Unison. Frequent opportunities to meet and consult.	Medium
Manage the costs of the change within the agreed budget provision	Medium	Detailed modelling and costing as the model is developed.	Low
Legal compliance	Medium	Planning the change timetable to accommodate all the required periods of consultation. Using current experience and taking expert advice as necessary. Carrying out a full Equality Impact Assessment.	Low
Staff morale is adversely affected by the change programme and turnover increased to an unacceptable level	High	Comprehensive staff engagement and communications plan. Concluding payline change as quickly as possible.	High

10. Legal and policy implications

10.1 The Single Pay and Reward Strategy detailed in the attached collective agreement meets all legal requirements.

11. Ward(s) affected

11.1 All.

12. Background papers

12.1 None.

13. Documents attached

13.1 Appendix 1: Collective Agreement

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West Suffolk

Draft Collective Agreement

Single Pay and Reward Package

1. Introduction

This document sets out proposals to achieve a single pay and reward strategy, to achieve harmonised pay, terms, and conditions of employment across the two Councils – Forest Heath District Council and St Edmundsbury Borough Council. It is intended that all other terms and conditions operated by both Councils, within the scope of this agreement, be superseded by this document.

2. Aims

The aim of the two Councils (collectively known as West Suffolk) is to move to modern pay practices and terms and conditions of employment that reflect the values of the organisation and those of the local labour market.

In developing these proposals the Councils have concentrated on promoting fairness and equity.

3. Equality

All contracted employees, subject to the scope detailed below, including part-time, will have applied to them the pay and conditions of service pro-rata to comparable full time employees. Full equality impact assessments have been used to ensure there is no unacceptable impact on employees on the grounds of any protected characteristics in accordance with the Equality Act 2010.

4. Criteria for a single pay and reward strategy

The following criteria have already been agreed (September 2012) between the parties to inform and guide the development of the single pay and reward strategy.

- Single terms and conditions across both workforces
- Affordable: within the Mid Term Financial Strategy (MTFS)
- Attractive: to recruit and retain
- Responsible: maintains reputation
- Legal: satisfies equality requirements
- Fair: minimises risk of challenge
- Drives: new organisational values
- Rewards excellent performance
- Manages unacceptable performance; and
- Capable of achieving collective agreement
- Share communications

5. Scope

This document covers employees with Contracts of Employment with either Forest Heath District Council or St Edmundsbury Borough Council, including those working at the Anglia Revenues partnership.

This document covers employees outside of the Corporate Leadership Spine in relation to pay, and as such excludes the Chief Executive, Directors and Heads of Service Posts, to whom local pay arrangements apply. Other terms and conditions will apply to all.

Separate arrangements apply to casual staff who have no obligation to work, nor to accept work on the terms offered. The hours and patterns of work of casuals are monitored to ensure that casual arrangements are genuinely casual.

6. **Implementation Date**

All terms and conditions except pay will be in place with effect from 1 June 2013 unless otherwise stated.

Where shared structures are in place and agreed, or are in structures not being affected by shared services and employees are in those posts, the new pay spine will be applied from 1 June. Remaining staff will be placed on the spine as they are appointed or confirmed in posts in the new structures. Any employees who are in a position where protection needs to apply will have their basic pay protected until 31 March 2015.

7. **Hours of Work**

The standard working week for full time employees is 37 hours. Part-time staff will be paid pro-rata on a 37 hours basis.

8. **Leave**

8.1 **Annual Leave**

All Forest Heath employees will move from existing NJC (Green Book) to Local Leave entitlement, (as already in place at St Edmundsbury Borough Council), as follows:

Employee Group	Less than 5 years service	More than 5 years service
Employees below Heads of Service	24 days	28 days
Heads of Service & above	28 days	32 days

Leave entitlement for employees joining or leaving the authority will be proportionate to their completed service during the leave year. (1 April to 31 March).

Ex-statutory days have now been included in the annual leave allowance detailed above. Up to two days of this annual leave may be nominated by the

Council to be taken at a time convenient to the Council, for example if the office is to be closed.

8.2 Working Options

Flexible working options will be extended to include Forest Heath employees. Flexible working is offered subject to the demands of service delivery and in accordance with the current St Edmundsbury (and ARP where applicable) Flexible Working Policy

This will be available to all employees, subject to operational requirements, with the exception of Heads of Service and above. Employees at Heads of Service level and above receive additional annual leave in recognition that they will not be able to take advantage of this benefit (due to the nature of their jobs).

8.3 Public Holidays

All employees shall be entitled to holiday, with a normal day's pay, for each of the statutory, general and public holidays as they occur, irrespective of length of service.

Part-time staff will be paid a normal days pay where they are due to work the bank holiday, and if they are not due to work, will be given 1/5th of their working week to be taken at a later agreed date (effectively time off in lieu).

This is in addition to annual leave entitlement.

8.4 Extra Statutory Days

All employees will have their extra-statutory days included in their annual leave allowance as detailed in 8.1 above.

9. Sickness Scheme

All employees shall be entitled to the benefits of the sickness scheme as contained in the NJC National Conditions of Service (Local Government), known as the 'Green Book'. This provision is as follows:

During 1 st year of service	1 month full pay and (after completing 4 months service)
During 2 nd year of service	2 months half pay 2 months full pay and 2 months half pay
During 3 rd year of service	4 months full pay and 4 months half pay
During 4 th & 5 th year of service	5 months full pay and 5 months half pay
After 5 years service	6 months full pay and 6 months half pay

10. **Pay & Grading**

10.1 Job Evaluation

All jobs covered by this agreement are evaluated using the NJC JE scheme (manual version), as detailed in the Green Book, with agreed local conventions.

10.2 Performance Related Pay

In order to achieve harmonisation between the two Councils it is important to ensure that all employees are treated fairly and equally with regard to pay and progression. The existing incremental rises based on 'time served' will be removed for Forest Heath employees. The Councils are committed to developing a new Performance Development Review Scheme linking pay to performance. This new Scheme will reward excellence and will be developed with staff and Unison to be ready to commence in 2014.

10.3 Grade Structure

This has retained pay bands based on a number of increments so that employee performance and contribution can be recognised and rewarded by position within the grade. New employees will be appointed at the bottom of the band unless exceptional circumstances require authority to be given by the Head of Human Resources and Organisational Development to authorise appointment further up in the band (for example where market forces or existing salary require a higher increment to make a satisfactory appointment).

Existing employees will be assigned to the new structure either:

- To their existing scale point where the job evaluation points allow
- To the top of the grade in which they are being placed (and then protection applies)
- Mapped to the nearest scale point upwards, in grade, where employees are not currently assigned to a point on the national pay spine.

The proposed grade structure also takes into account the findings of the local market position, specifically data for Public Sector posts in the East of England, taken from the Income Data Services IDS Pay database.

The IDS levels have been matched to the proposed grading structure of similar sized jobs. This shows a good market fit with the median data being above the starting point and below the maximum point for each proposed grade other than Grade I where the impact of the compression on senior pay is highlighted.

The West Suffolk Councils have agreed with Unison that all employees on Contracts of Employment will be paid not less than the National Living Wage as at 1 January 2013, which is £7.45 per hour, £14,373 per annum, after 6 months employment and the completion of a satisfactory probation period. A spinal column point at 10a will be added to deal with this, which will be uplifted in accordance with the annual pay award.

Option - 9 Bands									
Gradeline	Grade Name	Min SCP	Max SCP	Min (£)	Max (£)	Span (£)	Span (Incs)	Span %	Market Data (Median)
0	Grade A	9	11	13,589	14,733	1,144	2	8%	13,724
280	Grade B	11	15	14,733	16,054	1,321	4	9%	15,560
330	Grade C	15	22	16,054	19,621	3,507	7	22%	17,344
380	Grade D	21	27	19,126	22,958	3,832	6	20%	20,100
430	Grade E	27	33	22,958	27,849	4,891	6	21%	24,401
500	Grade F	35	41	29,236	34,549	5,313	6	18%	30,000
570	Grade G	41	47	34,549	39,855	5,306	6	15%	36,239
640	Grade H	47	53	39,855	46,189	6,334	6	16%	46,528
685	Grade I	53	58	46,189	52,251	6,062	5	13%	61,601

10.4 Key Features

- 9 Grades
- A range of increments per grade, typically 6 per grade
- Generally one 'shared' increment (i.e. top point of one grade equals the bottom point of the next grade)
- Consistent job evaluation points per grade of either 50 or 70 i.e. a range of between 50 or 70 points per grade
- A salary protection period of 18 months on existing basic contractual pay until March 2015, when 12 month protection will be applied to all changes of basic contractual pay.
- Structure ends at current top of Grade 10 (SEBC) and above current top point of FHDC existing pay grades
- Structure provides for progression through grade on performance criteria, yet to be agreed.
- Continues use of the NJC Job Evaluation Scheme

It is inevitable that there will be a number of winners and losers when moving to a single pay structure whilst maintaining the overall pay budget.

10.5 Payment of wages

All payments will be made monthly by BACS system into employee bank accounts on 23rd day of the month.

11. Pay Rates

Employees at or below grade E (scp33) who are required to work

- a) beyond the full time hours for the week in question, or
- b) at night, or
- c) on public holidays

will be entitled to the following enhancements:

11.1 Overtime

Employees (below scp 33) who are required to work additional hours (above 37) in any one week will receive a pay enhancement of time and fifth (20%) Monday to Saturday inclusive and double time on Sundays.

The councils will operate within the provisions of the Working Time Regulations, which state that workers shall not work in excess of 48 hours per week, when averaged over a 17 week period.

11.2 Saturday and Sunday Working

It is proposed that there will be no enhancement for Saturday or Sunday working, where this is part of the normal working week (subject to 'Night Work' shift allowance detailed below).

Where employees are asked to work overtime at weekends then the overtime rate will apply – see number 11.1 above

Where employees are called into work at weekends or nights because they are on standby or callout then locally agreed arrangements will continue to apply. The Council and Unison are committed to the review of current Standby and Callout Scheme by September 2013.

Where a role requires an officer to be available outside of normal office hours as an integral part of their duties, no extra payment will be made and allowance will be made in the evaluation of the post through Local Convention for 'Working Conditions'. Employees called out outside of business hours can be taken as time owing/flex (@1.2 or 2x as per overtime rates) in accordance with the Flexible Working Policy.

It is agreed with Unison that all contractual overtime will be removed and no new contracts will be offered containing contractual overtime.

11.3 Night Work

Employees who are required to work at night as part of their normal duties will receive a shift allowance (enhancement) of 33% for all hours worked between 10:00 p.m. and 6:00 a.m.

This premium will only apply to employees who work through the night as part of their normal duties (e.g. CCTV staff).

11.4 Evening Work

There will be no enhancement for evening working, where this is part of the normal working week, with effect from 1 September 2013. Where evening hours are included in annualised hours contracts, protection will apply to the enhanced hours until 31 March 2015.

11.5 Public and Bank Holidays

Employees who are required to work on public or bank holidays will be paid at double time. Employees can choose to take time off in lieu at a later date (at plain time) as an alternative if preferred.

12. Allowances

12.1 General/Miscellaneous Allowances

It is proposed to review allowances during 2013 e.g., overnight and subsistence allowances to reflect current requirements and to ensure the Councils have a consistent allowance structure. Any outdated allowances will be removed.

12.2 Travel Allowances

To promote fairness and equity the existing system of casual user or essential user status will be reviewed and allowances will be attached to roles where a car is required for the effective delivery of the duties of the post. All mileage claimed by employees in the course of their duties will be reimbursed at the appropriate Inland Revenue rates. These are currently:

2003 - 2004	First 10,000 miles	Each mile over 10,000
Cars and vans	45p	25p
Motor cycles	24p	24p
Bicycle	20p	20p

Alternative means of transport will be encouraged, such as public transport, bicycles, walking and the use of pool cars.

13. Lease Cars

It is proposed to change the current lease car schemes. As from 1 February 2013, **all new car lease agreements** will operate as follows:

Annual Business Mileage	Proposed employee contribution (% of benchmark value) *
>5501	25

4501 – 5500	33.3
3501 – 4500	40
2500 – 3500	45
<2500 lease not available	

*plus 100% of cost in excess of benchmark value, set at £11,500 as at January 2013.

Employees who currently have a lease car will continue on their existing scheme until the end of the current lease period.

A new benchmark will be introduced that is applied to all eligible roles, at any level, across the Councils. Lease cars will be available to employees employed in posts eligible for essential car user allowance **and** travel more than 2500 business miles in one year.

All mileage rates are based on HMRC rates including lease car rates.

14. **Performance Management**

The Councils wish to develop new and consistent performance management arrangements. These arrangements will provide the means to assess and reward employee contribution. A revised system of employee appraisal will be developed over the next few months.

This assessment will be based on an employee's contribution to the organisation. Contribution will be measured by assessing performance against targets set during appraisal and by assessing employees against a set of core behavioural competencies.

Both Councils wish to link reward to employee performance in a single new scheme.

The current PDR and PR Schemes have been closed in agreement with Unison.

14.1 **Implementation of Performance Pay**

The implementation of performance related pay relies on the development and introduction of a new performance management system. This will be developed, tested, reviewed and then introduced during 2013. It is envisaged that it will be in place across the whole organisation by 1 April 2014. It is, therefore, envisaged that employees will have their first appraisal review under the new process during October 2014, in order to review performance against set targets and discuss how the core competencies relate to their job. The first assessment against these criteria will be made in April 2015, with any pay adjustments being made effective from 1 April 2015.

It is intended that employees' interim performance assessment will indicate any corrective action to be taken before the final assessment. This will provide

managers with an opportunity to identify and discuss performance issues with employees and their current performance status. It will provide an opportunity for employees to receive feedback about their performance and to address any concerns prior to the formal assessment.

Employees whose pay is reduced as a result of their performance assessment will not have access to pay protection (i.e. where rated 'poor' the reduction in pay will be applied without protection).

15 Pay Protection

Pay protection will be applied to employees who are placed in a grade, through restructuring or a re-evaluation of a post, where the maximum salary of that grade is lower than their current earnings, in accordance with the Organisational Change, Efficiency and Redundancy Policies current at the time. Employees' pay will be frozen **at this rate**, (with no cost of living or incremental increase) for up to one year, or until the maximum of the new grade has caught up or overtaken the current earnings due to annual pay increases.

It is agreed that the change to one year protection will be implemented on 1 April 2015. Employees placed on a protection during the current phase of shared services restructuring will be protected until 31 March 2015.

Employees who are on protection at the date that this collective agreement is agreed will retain the protection they currently have in place.

Note: Pay protection excludes market supplement pay, essential user travel allowance, overtime allowances, lease car scheme.

15.1 Market Pay

For some posts it may be necessary to apply a market supplement in order to recruit or retain suitably qualified and experienced employees in certain occupations to meet the needs of the service.

The amount of market supplement will be based on an analysis of labour market rates of pay for the particular post at the time. It must be recognised that labour market trends change over time and therefore the amount or need for market premium may also change. Therefore, all market premiums will be monitored on an annual basis in order to determine if they are still required and, if so, whether the amount needs revising either upwards or downwards to recognise changes in the labour market. All market premiums will be subject to 6 months notice of withdrawal or change. Increases in market premiums will be applied immediately following their review.

16 Home Working Allowance

With effect from 1 September 2013 home working allowances will be removed. No new allowances will be offered to employees who commence working from home in 2013.

17 **Miscellaneous Payments and Arrangements**

The following awards and allowances are to be removed with effect from 1 September 2013:

- Telephone Allowances
- Long Service Award
- Retirement Award
- Exam Success
- Exam Leave
- Mortgage Subsidy

The following will be aligned across West Suffolk (FHDC and SEBC) with effect from 1 September 2013:

Notice Periods – to St Edmundsbury procedure

Probationary period – St Edmundsbury procedure

Flexible Working Policy – St Edmundsbury policy

Compassionate Leave – St Edmundsbury flexible approach

Post criteria suitable for redeployment – St Edmundsbury policy

First Aid Allowances – St Edmundsbury Allowance

Travel and Disturbance (in accordance with SEBC arrangements in place for shared services), further detail to be agreed, flexible base assigned at start of the working day, then business mileage paid between bases.

Adoption Pay and Leave – St Edmundsbury Policy

It is intended to harmonise all human resources policies and procedures.

A new scheme to allow the buying and selling of annual leave will be put in place, subject to service delivery.

All terms and conditions not changed by local collective agreement remain in accordance with the NJC Green Book and Statutory Requirements, for example Maternity and Paternity Pay.

Where statutory changes are made which affect HR Policies, terms and conditions the Head of Human Resources and OD will amend the appropriate policy accordingly.

18 **Summary**

- All employees across both Councils, will be on the same pay and benefits
- Overtime and allowances will be simplified, equitable and consistent
- All employees will have access to performance related pay
- Employees will still have access to the final salary pension scheme
- Employees will still have access to the current Sickness pay scheme
- There is no change to entitlements on Redundancy
- Many employees will benefit from higher leave entitlement
- Managers will be leading shared teams on the same total package

These proposals harmonise the Councils' reward strategy and pay structure and represent a significant step forward in the development of shared services across West Suffolk.

28 January 2013

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