

# REPORT FOR DECISION

<b>Agenda Item</b>	
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<b>DECISION OF:</b>	<b>CABINET</b>
<b>DATE:</b>	<b>7 NOVEMBER 2012</b>
<b>SUBJECT:</b>	<b>SIX TOWN HOUSING JOB EVALUATION PROJECT</b>
<b>REPORT FROM:</b>	<b>Councillor G Campbell - Cabinet Member Neighbourhood and Regeneration</b>
<b>CONTACT OFFICER:</b>	<b>Sharon McCambridge</b>
<b>TYPE OF DECISION:</b>	<b>CABINET (NON-KEY DECISION)</b>
<b>FREEDOM OF INFORMATION/STATUS:</b>	This paper is not exempt
<b>SUMMARY:</b>	<p>This paper provides an update on progress with the Job Evaluation exercise being undertaken by Six Town Housing, and outlines consultation that has taken place with Council officers.</p> <p>Members are requested to endorse this approach and approve the continuation of the exercise.</p>
<b>OPTIONS &amp; RECOMMENDED OPTION</b>	<p>To endorse the approach being taken by Six Town Housing in respect of the introduction of a revised pay structure that will provide for Equal Pay.</p> <p>To approve the continuation of the Pay Modelling exercise.</p>
<b>IMPLICATIONS:</b>	
<b>Corporate Aims/Policy Framework:</b>	Do the proposals accord with the Policy Framework?      Yes
<b>Statement by the S151 Officer: Financial Implications and Risk Considerations:</b>	Work has taken place between the Council's s151 Officer and the Interim Finance Director of Six Town Housing to ensure the framework adopted will provide for a scheme that is affordable, fully costed & sustainable.

	<p>It is proposed that ongoing costs will be funded from within Six Town Housing's Annual Budget; and any one-off costs will be funded from reserves.</p> <p>It is essential that a full equality impact assessment is undertaken to ensure that the proposed scheme safeguards Six Town Housing against the risk of "Equal Pay" claims.</p> <p>There are no financial implications for the Council.</p>
<b>Statement by Executive Director of Resources:</b>	There are no wider resource implications other than the finance / risk issues outlined above.
<b>Equality/Diversity implications:</b>	An Equality Impact Assessment cannot be completed at this time until final pay modelling is carried out
<b>Considered by Monitoring Officer:</b>	Yes JH The Management Agreement the Council has with Six Town Housing requires the prior written approval from the Council to any significant amendments to the grading of staff or staff structure.
<b>Wards Affected:</b>	All
<b>Scrutiny Interest:</b>	Six Town Housing is a company wholly owned by the Council; on this basis there may be Scrutiny interest

**TRACKING/PROCESS DIRECTOR: Executive Director (Adult Care Services)  
Chief Executive (Six Town Housing)**

Chief Executive/ Strategic Leadership Team	Executive Member/Chair	Ward Members	Partners
Scrutiny Committee	Committee	Council	
	<b>Cabinet 07/11/12</b>		

**1.0 BACKGROUND**

- 1.1 The purpose of this report is to inform Bury Council of a proposed major change in the terms and conditions of employment of employees of Six Town Housing, as required by the Management Agreement and Memorandum and Articles of Association of Six Town Housing and to seek endorsement from the Council to the proposed pay model principles and changes to be brought about by implementing a pay and grading review within the company.
- 1.2 The Board of Six Town Housing (STH) has previously agreed that a Job Evaluation project should be undertaken following the creation of the ALMO in 2005 and the integration of the Repairs and Maintenance function into the workforce in 2008. It was recognised that the legacy job evaluation scheme inherited from Bury Council could not be utilised by STH and neither was there support available from within Bury Council who had moved to the NJC scheme by this time. STH therefore needs to undertake its own pay and grading review in order to comply with the NJC (Local Government Services) principles and the implementation of single status.

## **2.0 ISSUES**

- 2.1 The work to undertake a pay and grading review commenced in 2008/2009 when three job evaluation schemes were considered for use via a tender process. A cost benefit analysis was undertaken on each of the schemes to identify which would be the most suitable for STH and consultations were also undertaken with our recognised Trade Unions. The outcome of the cost benefit analysis was the decision to implement the Hay job evaluation scheme across all job roles within STH.
- 2.2 The implementation of the project was put on hold to enable a fundamental whole organisation review to be carried out. Following this review and at the request of STH, an exercise was carried out by Bury Council to compare the Hay Group scheme to other schemes (including the NJC scheme), to ensure it was appropriate in delivering an objective method of analysing and differentiating job roles and that no job roles would be adversely impacted by the choice of scheme. The Hay Group scheme met these criteria and has been verified by the current STH Executive as being appropriate for use in a diverse workforce embracing office/knowledge based workers and craft workers.

## **2.3 HR Issues**

- 2.3.1 The national pay and conditions of service agreements for Local Government Services (Single Status) of 1997 and 2004 were introduced in order to harmonise the terms and conditions of employment, including pay, of former manual workers and APT&C employees within local government. The purpose of the Single Status Agreement was to support and encourage:
  - high quality services delivered by a well trained motivated workforce with security of employment;
  - equal opportunities in employment;
  - a flexible approach to providing services to the community, which meets the needs of employees as well as employers; and
  - stable industrial relations, negotiation and consultation between local authorities as employers and recognised trade unions.

- 2.3.2 A key part of the agreement was the introduction of a national job evaluation scheme under which requires employers to undertake pay and grading reviews.
- 2.3.3 The purpose of the pay and grading review is to ensure that Six Town Housing can demonstrate that their arrangements for pay and grading comply with Equal Pay legislation. The proposals detailed in the report result in either a beneficial impact, neutral impact or detrimental impact on specific job-holders, dependent on the outcome of job evaluation.
- 2.3.4 The HAY job evaluation scheme has been developed and refined over a number of years and is built around the principle that three basic elements of job content are common to all jobs and produce acceptable job size evaluations. These elements are:

<b>1.</b> The total knowledge and skills developed by job experience and training which a job holder needs to perform the job in a fully acceptable way.	<b>Know-How</b>
<b>2.</b> The level of complexity of thinking involved when the job holder applies Know-How to get the job done.	<b>Problem Solving</b>
<b>3.</b> The impact of the job (in a positive sense) and the constraints on taking independent action.	<b>Accountability</b>

- 2.3.5 The three elements, Know-How, Problem Solving and Accountability each have their own Guide Chart and each is further broken down into sub-elements.

<b>Know How</b>	Technical Know-How (Practical Skills and Procedures, Specialised Techniques)
	Planning, Organising, Controlling Know-How
	Communicating and Influencing
<b>Problem Solving</b>	Thinking Environment
	Thinking Challenge
<b>Accountability</b>	Freedom to Act
	Area and Type of Impact

## 2.4 Financial Considerations

- 2.4.1 Key requirements from a financial perspective are that the outcome of the job evaluation exercise is;

- Affordable
- Fully costed
- Sustainable

**"Affordable"**

- 2.4.2 The scheme needs to be affordable within the resources available to Six Town Housing.
- 2.4.3 This statement relates to both the initial implementation, and potential future costs of incremental progression.
- 2.4.4 Work has taken place between Six Town Housing's Interim Finance Director and the Council's s151 Officer, who has examined the proposed methodology.
- 2.4.5 The s151 Officer has confirmed that the proposed methodology will deliver a scheme that is affordable.
- 2.4.6 Individual grades / pay levels will not be known until the exercise is concluded, however the mechanism is such that the overall cost can be managed within a defined cost envelope.

### ***"Fully Costed"***

- 2.4.7 Whilst individual pay levels are the primary outcome of the exercise, consideration also needs to be given to;
- The likely impact / cost of appeals
  - Backdating of the new pay structure
  - Protection costs of individuals who are adversely affected
  - Impact on costs linked to basic pay – e.g. overtime.
- 2.4.8 Work has taken place between Six Town Housing's Interim Finance Director and the Council's s151 Officer, and it can be confirmed that the proposed model has provision for these costs to be taken into account.
- 2.4.9 Essentially one-off costs will be financed through Six Town Housing reserves, and the on-going costs will be funded through Six Town Housing's annual budget.
- 2.4.10 This approach is consistent with that applied by the Council in line with its "Golden Rules".

### ***"Sustainable"***

- 2.4.11 Any new pay arrangements will have an immediate financial impact, however potential costs need to be assessed in the longer term to recognise that staff will progress incrementally through new grades.
- 2.4.12 Work has taken place between Six Town Housing's Interim Finance Director and the Council's s151 Officer to develop a model that allows for longer term costs to be taken into account.

## **2.5 Consultation with Trade Unions**

- 2.5.1 All Trade Unions recognised within STH have been involved in communication and consultation from the inception of the Job Evaluation project.
- 2.5.2 STH will consult collectively with trade unions on any proposed changes to pay as a result of carrying out the Job Evaluation exercise. The consultation period will be 90 days, as provided for under S188 of the Trade Union and Labour

Relations (Consolidation) Act 1992 as while there is no intention to dismiss any employees as a result of changing pay and grading, there is a high probability that not all staff will sign up voluntarily to the changes and the enforced variation to contract route will have to be followed.

- 2.5.3 Failure to adhere to the statutory requirements for consultation would result in the imposition of a protective award of up to 90 days pay for each affected employee

### **3.0 Risk Management**

#### **3.1 Risks identified are:**

- § Failure to defend equal pay claims on the basis of not having a job evaluation system in place which is current, reflects the organisation as it is today and which fulfils the need to have equal pay for work of equal value (Equality Act 2010)
- § A negative impact on the motivation and morale of staff who are adversely affected by the outcome of job evaluation which may impact on customer service levels
- § Industrial action by staff who are adversely affected by the outcome of job evaluation.

### **4.0 Equality and Diversity**

STH is satisfied that the Hay Group Job Evaluation scheme is designed around the principle of equal pay for work of equal value and is an established scheme that has been tested. As part of the affordability considerations and pay modelling to be carried out, a full Equality Impact Assessment will be undertaken to ensure that there has not been any discrimination in the process, or its application and outcomes in regard to staff with protected characteristics.

### **5.0 CONCLUSION**

- 5.1 Six Town Housing needs to establish a job evaluation system that will comply with the single status process.
- 5.2 The HR teams at Bury and STH have scrutinised the processes followed and implementation plans and are satisfied that they are fair and equitable.
- 5.3 Work will be undertaken to ensure there are no negative equality impact implications for the employees of STH.
- 5.4 Appropriate consultations and trade union involvement are taking place.
- 5.5 The financial teams at Bury and STH have worked together to agree the most appropriate method of calculating pay costs and are satisfied that pay modelling will include appropriate implementation costs.
- 5.6 STH intend to deliver the revised pay structure within existing budgets with reserves allocated to fund pay protection.

**List of Background Papers:-**

Available by request from Sharon McCambridge, Chief Executive (Six Town Housing)

**Contact Details:-**

Sharon McCambridge, Chief Executive (Six Town Housing)  
0161 253 8141