



Not for Publication: Exempt under 10.4 (4) and 10.4 (5)
To disclose the information at this point would prejudice negotiations and current legal proceedings

Report of the Director of Corporate Services

Executive Board

Date: 14th March 2007

Subject: : Implementation of New Pay and Grading Structure – Phase 1

Electoral Wards Affected:

Specific Implications For:

Equality and Diversity

Community Cohesion

Narrowing the Gap

Eligible for Call In

Not Eligible for Call In
(Details contained in the report)

EXECUTIVE SUMMARY

This paper summarises the details of the new pay and grading structure and pay protection proposals for Leeds City Council. It also sets out the issues associated with implementing the new Pay and Grading structure for Leeds City Council.

1 BACKGROUND INFORMATION

1.1 National Joint Conditions for Local Government Services

1.1.1 Members will be aware of the 1997 Single Status Agreement which set out to harmonise pay, terms and conditions of service for former blue collar and white collar employees. The agreement required authorities to carry out a pay and grading review using the principles of job evaluation.

1.1.2 The National Joint Council for Local Government Services 2004 Pay agreement set a specific deadline of 1st April 2007 for the implementation of a revised pay and grading structure and the full implementation of the Single Status agreement.

1.2 Equal Pay

- 1.2.1 In addition to the requirements of the single status agreement and the 1st April deadline, changes to the Equal Pay legislation in 2003 regarding back pay have further emphasised the need for the prompt review of the Council's Pay structure.

1.3 Access to Information

- 1.3.1 Further detail regarding equal pay is detailed on the Confidential Appendix A.
- 1.3.2 This information is exempt from public access as in the opinion of the Director of Corporate Services the public interest in maintaining the exemption outweighs the public interest in disclosing the information. Negotiations on equal pay, in particular pay protection arrangements are ongoing with the Trade Unions. In addition at the current time the Council is defending a large number of equal pay cases before the Employment Tribunal. To release the information at this stage could prejudice negotiations with the Trade Unions and or prejudice the tribunal claims. This could prove costly to the Council which would then have an impact on the people of Leeds.

1.4 Scope of the exercise

- 1.4.1 The scale of the exercise within Leeds presented a significant challenge to our ability to achieve the pay and grading review within the deadlines. As legally required, negotiations have been underway with the Trade Unions since summer 2006 to achieve a collective agreement. In view of the scale of the exercise it was agreed that the pay and grading review would be split into two separate phases.
- 1.4.2 Phase 1 represents all posts up to and including spinal column point (scp) 28 (scale 6). It was agreed that this work would be prioritised and implemented first.
- 1.4.3 Phase 2 represents all posts from scp 29 and up to scp 49 and Job Evaluation work will begin on this phase in due course.

2. MAIN ISSUES

The Council has been negotiating the following key components of the new pay & grading structure with the Trade Unions and is aiming to reach a collective agreement:

- Pay Model (to replace the existing NJC pay scales)
- Pay protection arrangements

2.1 The proposed new pay and grading structure

- 2.1.1 A comprehensive Job Evaluation exercise has almost been completed which ranks jobs in order in accordance with job evaluation scores. The Council has explored a number of pay structures and devised a new pay model which is based upon the rank order of jobs. It has been designed to eliminate as far as possible the Council's potential to be challenged under equal pay legislation, to minimise disruption and to maximise stability for employees. The proposed pay and grading structure also provides an opportunity to modernise pay for the future. The proposed pay structure is attached at Appendix 1. In addition to the proposed pay structure

Appendix 2 shows the complexities of our existing pay scale and outlines the significant number of existing salary ranges and spot points that currently exist.

2.1.2 The new pay structure is a simpler model based on 4 broad bands which are then sub-divided. Posts will be allocated to the broad bands based on job evaluation points score (an analytical assessment of job content) and placement within the band will be determined by criteria currently under discussion with the Trade Unions.

2.1.3 Whilst a significant number of posts will show an increase in their pay levels from the implementation of the new pay structure, others may be subject to a reduction. The proposed pay structure attempts to minimise the number of employees that are adversely affected by the pay review and work will continue to reduce this number both prior to implementation and during any period of pay protection.

2.2 Pay Protection

2.2.1 For the minority of posts where the grade has reduced it is proposed to put in place arrangements for pay protection. Negotiations are continuing with the Trade Unions to agree protection arrangements for staff which are considered fair but whilst also taking into account legal advice following recent developments in case law. The outcome of recent Employment Tribunal cases have presented both the Council and the Trade Unions with significant difficulties in trying to reach a pragmatic solution based on the principle of protecting 'losers' and cushioning the loss which is the recognised method of implementing this type of pay review. Recent Tribunal cases have determined that protection arrangements in themselves could be challenged under equal pay legislation for the period of protection.

2.2.2 For those staff whose grade has changed adversely as a result of the job evaluation exercise, subject to the legal implications of Employment Tribunal cases referred to above, the proposed protection arrangement would be as follows:

- A period of no longer than 3 years protection – attracting annual pay awards and increments in line with the NJC for Local Government Services pay agreements.
- Year 4 – go directly to the maximum point of the new substantive grade / pay range

2.2.3 Discussions continue with the Trade Unions to reach an agreed solution on this proposal which is an important element of the collective agreement.

2.3 Options for proceeding and the importance of the collective agreement

2.3.1 Once the detail of the new pay and grading structure has been agreed, a Collective Agreement (which will contain the fundamental elements outlined at 2.1 and 2.2 above) is the preferred means by which we can legally change terms and conditions for staff. This is a joint agreement reached through our collective bargaining mechanisms.

2.3.2 In order to achieve a collective agreement the recognised Trade Unions for the affected work groups, are proposing to ballot their membership on the full detail of the Council's proposals. A favourable return would allow the council to implement the revised pay structure for trade union and non-trade union members of staff, by a formal variation to individual contracts of employment in accordance with the terms

of the collective agreement. Staff would receive an individual formal letter advising them of the change.

- 2.3.3 In the event that the Council and Trade Unions are unable to reach a collective agreement, the Council will have to consider further its options for implementing the outcome of the pay review.

3 LEGAL AND RESOURCE IMPLICATIONS

- 3.1 The cost of implementing the new pay and grading structure at Appendix 1 is estimated to cost an additional £3m on the Council's paybill in 2007/08; this is in addition to the normal entitlement to pay award and increments. The 2007/08 revenue budget contains provision for this additional cost.

4 RECOMMENDATIONS

- 4.1 Executive Board is recommended to:-
- 4.1.1 agree the implementation of a new pay and grading structure
 - 4.1.2 agree pay protection arrangements as set out in this report, subject to final negotiations with the Trade Unions

Proposed New Pay Structure

Model D		Band A JE score 0 - 287	Band B JE Score 287-365	Band C JE Score 366-431	Band D JE Score 432+	Spine Point	
28	£22,293					28	£22,293
27	£21,588					27	£21,588
26	£20,895					26	£20,895
25	£20,235					25	£20,235
24	£19,614					24	£19,614
23	£18,993					23	£18,993
22	£18,450					22	£18,450
21	£17,985					21	£17,985
20	£17,352					20	£17,352
19	£16,740					19	£16,740
18	£16,137					18	£16,137
17	£15,825					17	£15,825
16	£15,459					16	£15,459
15	£15,096					15	£15,096
14	£14,787					14	£14,787
13	£14,523					13	£14,523
12	£14,142					12	£14,142
11	£13,854					11	£13,854
10	£13,014					10	£13,014
9*	£12,747					9*	£12,747
8	£12,372					8	£12,372
7*	£11,994					7*	£11,994
6	£11,619					6	£11,619
5	£11,454					5	£11,454
4	£11,193					4	£11,193

A1	B1 B2 B3	C1 C2 C3	D1 D2 D3
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** not currently used as a spine point*

Current Pay Structure



