

Report to COUNCIL

Revision to the Council's NJC grading structure following the 2019 NJC Green Book pay award

Portfolio Holder:

Councillor Jabbar MBE, Deputy Leader & Cabinet Member for Finance & Corporate Resources

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Reason for Decision

The 2019 NJC Green Book pay award has, as part of the settlement, realigned the national pay spine, to ensure future compliance with the National Minimum/Living Wage and to even the spaces out between the cash value of each spinal column point. As Oldham Council is a member of the Local Government Association (LGA), we are bound by the outcome of negotiated agreements between the national unions and the LGA employers' side, we are now obliged to meet our employees' contractual requirements to review our local NJC grading structure to be able to comply with these national provisions.

Executive Summary

Following the settlement of the national NJC pay award by the Local Government Association and the Single Status trades unions; Unison, GMB & Unite the Union, individual councils have had to review their local NJC grading structure to take account of the revisions to the national pay spine plus the national joint advice regarding its practical application. Within this framework, the council developed proposals to revise our local NJC grading structure and opened negotiations with local and regional trades union officers. Following this dialogue, amendments were made to the original proposals to secure an 'in-principle' collective agreement, deemed to be acceptable to both parties, subject to the agreement of union members and full Council. The amendments to the NJC grading structure are presented to Council for a decision on adoption.

Recommendations

It is recommended that Council adopt the revised NJC grading structure for staff on Green Book terms and conditions, as given in Appendix 2, with an effective implementation date of 1st April 2019.

Revision to the Council's NJC grading structure following the 2019 NJC Green Book pay award

1 Background

- 1.1 The 2019 pay award for NJC Green Book employees is determined nationally between the Local Government Association (LGA) and the Single Status trades unions; Unison, GMB and Unite the Union. Nearly 90% of our employees are on this set of terms and conditions, so decisions taken nationally with respect to cost of living increases could have a substantive effect on the wages budgets for individual councils.
- 1.2 Typically, previous NJC pay awards have applied a percentage increase to most of the individual spinal column points (SCP's) which make up the national pay spine, with the lowest paid having a larger proportional increase, as this is based specific cash amounts (bottom loading). In 2019, the national pay spine was refreshed to take account of continual removal of the lowest SCP to ensure compliance with the National Minimum Wage (NMW) and compression of hourly rates, due to the bottom loading of pay awards being applied differently in each year.
- 1.3 The refresh consisted of:
- A starting salary of £9.00 per hour
 - 'Pairing off' old SCP's up to current SCP 17 to create half the number of new SCP's at the bottom of the spine
 - Having equal steps of 2% between each SCP pay point – up to the current SCP 28
 - Inserting five new SCP's (SCP 10, 13, 16, 18 & 21) to facilitate these even steps between SCP's
 - A 'cost of living' pay rise of 2% for the current SCP 29 and above
 - Re-numbering the SCP's from the current SCP 6 – 49 to, in future, SCP 1 - 43
- 1.4 There was a national collective agreement, so the provisions are automatically applied within employee contracts where this is specified. This then requires councils who members of the LGA to then make local decisions, with respect to amending their individual grading structures, which then overlay across this national pay spine. Within Oldham this exercise would then apply to the Council, community schools, voluntary controlled (VC) schools, voluntary aided (VA) schools, Oldham Care & Support (OCS) and to TUPE transfer employees working for Unity Partnership. The exercise would also apply to Academies where they are on NJC Green Book terms and conditions, but they may choose to apply it differently to suit their individual circumstances.

2 Applying the revised national pay spine within the Council

- 2.1 A number of options for amending our local grading structure were considered in advance of the required negotiations with the local and regional officers from the trades unions. It was deemed to be appropriate, by both parties, to apply any changes in the grading structure after eligible staff had gone through their incremental progression on 1st April 2019. The options were based on a set of design principles, which reflected the national joint advice on how to implement the pay award. The design principles were:
- Maximum of six SCP's within a grade (comply with Equality legislation)
 - Overlaps between each grade will be the maximum of one SCP

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- Minimum increase for employees as part of their cost of living pay award would be at least 2%
 - SCP's will assimilate to the new SCP numbers as cited in the national collective agreement
 - No re-evaluation of job roles
 - Maintain effective differentials between established roles in career graded structures
 - Increments to be progressed first before the pay award is applied
- 2.2 Formal negotiations with the trades unions commenced in November 2018, and concluded on 15th May 2019 with an 'in-principle' collective agreement, based on the final employer side proposals as detailed in this report. Points for negotiation included:
- Extending Grade 1 to have incremental progression, rather than operate as a spot-point as it does presently
 - Reaffirming the Council's commitment to pay the Foundation Living Wage
 - Determining how some, or all, of the brand new SCP's would feature in the grading structure going forward and if there would be some perceptions effect due to where they would be introduced within the grades
 - Senior Manager grades, for posts currently over SCP 49 are local to Oldham Council and, as such, not covered by this national agreement. SM1 was extended to include an additional SCP at the start of the grade, to five SCP's. No change was made to the top of the grade
- 2.3 The basis for the options for proposals kept grade maximums at the point where the national pay circular stated that they should be assimilated to. This would minimise the expense of assimilation and moving over to the new pay spine. Then grades had to be kept to six SCP's wide with only single SCP overlap, which then principally dictated the shape of the proposed revisions for the grading structure. The design of the current grading structure was created as part of the implementation of Single Status in 2011, but the two-SCP overlap between several of the grades has sometimes made promotion opportunities less attractive, as the perception is that the salaries for old and new job roles will be similar in the short term.
- 2.4 For most staff, overlaying the revised grading structure within this financial year will not see any changes to their salary, as they have already received their cost of living pay award. For some staff at the start of Grade 4 (currently SCP 20 & 21), Grade 5 (currently SCP's 24 & 25), Grade 6 (currently SCP 28) and Grade 7 (currently SCP 33), there will be an increase in their salary on assimilation to the new structure, to be able to comply with the design principles and the national joint guidance. These grades will need to start slightly higher than within the current pay spine, however, there are no changes to the top SCP of each grade.
- 2.5 With respect to individual employees, the unions were concerned that some existing employees in Grades 3, 4 & 5 would take longer to reach their grade maximums than under the current pay spine. This is due to where the brand new national SCP's are inserted into the revised pay spine, which only sit within these three grades. There were lengthy discussions on this matter, with agreement being reached on the trades union proposal that to avoid any 'detriment', advocating that affected employees could be given a double increment in some years to lift them over the brand new increments. This would happen over the next four years, as existing staff, employed up to 15th May 2019, gradually progress through those grades. It would not apply to new starters or existing employees in Grades 3, 4 & 5 where their progression journey had not been lengthened.
- 2.6 This approach was accepted by the Council, as it would apply to a specific pool of employees, which would diminish over time as employees reached the grade maximum, changed grade and/or left the Council. Advice given by the Local Government
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Association and North West Regional Employers had advocated using the brand new SCP's as good practice, although individual Councils are not obliged to use all of the SCP's on the national pay spine if they deem that it is not appropriate in their circumstances. Using all of the available SCP's does mean there are even incremental pay gaps between each SCP at all grades. If they were left out of the structure, then there would be permanent wider gaps between some SCP's within grades 3, 4 & 5, so every employee would have benefit from this going forward, with the ongoing increased cost to the wage bill this would bring.

2.7 Oldham is the last local authority in Greater Manchester to reach agreement with the Single Status unions, and these other authorities have all achieved a local collective agreement. In addition, a local collective agreement has been reached with Oldham Care & Support.

2.8 Reaching a collective agreement with the trades unions has significant benefits both for employee relations but also in that the variation to terms required to implement the new pay line would automatically be embedded within employee's terms and conditions. The impact of this is a smoother and quicker transition onto the new grading structure and will avoid undertaking a complex and damaging exercise to either reach individual employee agreement, or to commence a ninety day period of consultation on the potential requirement to dismiss existing employee contracts, and then to re-engage staff on revised contracts containing the new grading structure. This process would have had to have been undertaken across the Council and for schools, and carries with it a potentially significant risk of unfair dismissal claims.

3. Revised Council Grading Structure

3.1 The existing Council grading structure with pre-pay award cash values is attached at Appendix 1. The grading structure that has been agreed 'in-principle', with the trades unions is attached at Appendix 2. The differences between the old and the new structures are:

Grade	Change from old Grade	Change in new Grade
Grade 1	Spot point	4 SCP's wide
Grade 2	5 SCP's wide with double overlap with Grade 3	3 SCP's wide with single overlap with grades 1 & 3
Grade 3	Double overlap with grades 2 & 4	Single overlap with Grade 2 & no overlap with Grade 4
Grade 4	Double overlap with grades 3 & 5	Does not overlap with any grade
Grade 5	Double overlap with grades 4 & 6	Single overlap with Grade 6 and no overlap with Grade 4
Grade 6	6 SCP's wide with double overlap at Grade 5 & single overlap at Grade 7	5 SCP's wide with single overlap at Grade 5 & no overlap at Grade 7
Grade 7	6 SCP's wide with single overlap at Grade 6	5 SCP's wide with no overlap at Grade 6
Grade 8	No change	
Grade 9	No change	
Grade 10	No change	
SM3	No change	
SM2	No change	

SM1	4 SCP's wide	5 SCP's wide
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4. Recommendation for Council

- 4.1 It is recommended that Council adopt the revised NJC grading structure for staff on Green Book terms and conditions, as given in Appendix 2, with an effective implementation date of 1st April 2019.

5 Consultation

- 5.1 The process of revising the council's grading structure has been extensively consulted with the Single Status trades unions and is a result of negotiation to move to a position which is acceptable to both parties. Achieving a collective agreement, continues to nurture the close working relationship the council has developed with its trades unions in a partnership-style approach, and it also reduces the number of potential risks that the council could be exposed to.
- 5.2 Internally within the council, advice has regularly been sought from the council's legal services to ensure that any proposals discussed with the unions were robust and legally sound. Much joint modelling was undertaken with the Medium Term Financial Strategy team to ensure that any proposals that were considered were financially viable over the longer term, both with determining the initial model for opening consultation with the unions and then modelling responses and counter-proposals. The Schools Finance team was kept informed of principle developments as they proceeded. Another key stakeholder was the HR Systems team at Unity Partnership, so that they could proactively consider the impact required on the current and future payroll system as the negotiations were progressing.

6. Implementation of the revised NJC grading structure

- 6.1 If Council is minded to approve the proposed revisions to the NJC grading structure, as per Appendix 2, then the revisions to the grading structure will be made co-terminus with the implementation of the new HR/Payroll software (iTrent) for the council and for the schools that buy back their payroll services from Unity Partnership. If a school sources their payroll services from another provider, they could implement the revisions to the grading structure sooner. All schools will have to get the agreement of their governing bodies to implement once Council has approved or would have to negotiate their own structure. Schools will be supported through the approval process with informative statements that they can base their reports on and the grading charts for consistency.
- 6.2 When the revised grading structure is implemented at the point the new HR/Payroll system has gone live, then some employees will be owed some back-pay, where the start of their new grade is higher than to where their current SCP aligns. For most employees, if the move to the revised grading structure is completed within the financial year will not see any change their salary, as the cost of living element has already been implemented by the HR Systems team within Unity Partnership.
- 6.3 Joint communications will be developed with the support of the Communications team and Single Status trades unions to write comprehensive frequently asked questions (FAQ's) to staff and other documents such as communications with the circa 300 employees out of the whole workforce who will benefit with incremental acceleration over the brand new increments. A list of these employees will be kept until they are at the top of their grade,

changed grade or left the organisation, with regular reviews to make sure that it is accurate and up to date.

7 Financial Implications

- 7.1 The Finance Service have been involved throughout the consultation stage of this proposal and the anticipated costs of the revised NJC grading structure have been fully incorporated into the Councils financial forecasts presented in the Revenue Budget 2019/20 and Medium Term Financial Strategy 2019/20 to 2023/24, approved by Council on 27 February 2019.
- 7.2 This report seeks to formally approve the revised NJC grading structure included in the aforementioned forecasts and as such the recommendation to adopt the revised grading structure will not incur any additional costs over and above those already accounted for.

Neil Stott, Finance Manager – MTFS team

8 Legal Services Comments

- 8.1 Legal comments have been provided previously to the effect that in any process of dismissal and re-engagement there is the potential for challenge, for example, by way of allegations of breach of contract and/ or unfair dismissal but where appropriate options have been considered, a lawful process adopted and there can be demonstrated a genuine business case for the proposals the risk of a successful legal challenge is considered to be low. Further, it is noted that an EIA has been completed and therefore any challenge in this regard should also be low.

Radhika Aggarwal, Principal Employment Solicitor

9. Co-operative Agenda

- 9.1 This whole exercise has been undertaken with the Council's co-operative values at the heart of it. Working together with our trades union colleagues, has meant building a relationship based on respect, being open and being responsible in our respective positions to support positive employee engagement, which in turn supports local residents and customers of the Council to have good levels of customer service. The Council has also been working together with its partners, MioCare, Unity Partnership and Schools to keep them informed and take their points of view into consideration.
- 9.2 The Council is seeking to fairly implement the pay award, and to continue its commitment to pay the Foundation Living Wage. Relevant Members have been consulted through the process to ensure that understand the requirement of the pay award, and have helped to shape proposals, and will be making the final decision following executive recommendations, for the Council to be fully accountable for the course of action that it will decide to take.

10 Human Resources Comments

- 10.1 This report has been written by People Services, and so the HR comments are integrated within this report.

Corrina Sutton, Strategic Lead for Reward & Recognition

11 **Risk Assessments**

11.1 There are no specific risks associated with this report.

Mark Stenson, Head of Corporate Governance

12 **IT Implications**

12.1 The revised grading structure will be implemented within payroll when iTrent goes live. This is to preserve capacity and expertise to be focused on the timely and accurate delivery of the People Programme. A change in the grading structure of the council and in schools has been taken into account in both the project planning processes and the technical specification of the system. The payroll data is being held securely and centrally as a snapshot in time and the end of every month which will allow the correct calculation to be run once the new solution has been implemented. This will allow the calculation for backpay to be applied where applicable.

Irfan Rasul, Digital Technology Officer, Unity Partnership

13 **Property Implications**

13.1 Not applicable.

14 **Procurement Implications**

14.1 Not applicable.

15 **Environmental and Health & Safety Implications**

15.1 Not applicable.

16 **Equality, community cohesion and crime implications**

16.1 None – the review of the Council grading structure is an internal issue and will not affect our local communities.

17 **Equality Impact Assessment Completed?**

17.1 Yes – this was completed as standard as there is a potential impact on pay for some of our workforce. Overlaying our revised grading structure over the re-negotiated pay spine would not be to the detriment to any of our employees, so there would be no negative impact. Our NJC Green Book workforce is predominately female, so any positive effect on the workforce, would more positively affect women more than men. As this is a result of the structure of the workforce, and not the application of the grading structure, the EIA was ended at the Stage 1, as the Council is implementing national advice given by the Local Government Association and been fully consulted with the national, regional, and local Single Status trades unions, to ensure that the employee voice is at the centre of any decision-making processes.

18 **Key Decision**

18.1 No

19 **Key Decision Reference**

19.1 Not applicable.

20 **Background Papers**

20.1 The Equality Impact Assessment (EIA) is available as a background paper.

21 **Appendices**

21.1 Appendix 1 – Pre-pay award grading structure for Oldham Council

21.2 Appendix 2 – Proposed grading structure for Oldham Council