

Pay and Performance: Revised Scheme

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| Report of the: | Head of HR & Organisational Development |
| Contact: | Shona Mason/Judith Doney |
| Urgent Decision?(yes/no) | No |
| If yes, reason urgent decision required: | N/A |
| Annexes/Appendices (attached): | Annexe 1: Current Pay & Performance Scheme Annexe 2: Local Government Association Summary Report Annexe 3: Turnover & Pay Statistics Annexe 4: New proposed Pay & Performance Scheme Annexe 5: Staff Consultative Groups' Formal Response (exempted from publication) Annex 6: Revised Pay & Performance Scheme Report to HR Panel 19 October 2017 (exempted from publication) |
| Other available papers (not attached): | Medium Term Financial Plan |

Report Summary

This report provides an overview of the proposed new Pay & Performance scheme for Epsom & Ewell Borough Council to be implemented in April 2018.

Recommendation (s)

That Strategy & Resources Committee considers the recommendations of the Human Resources Panel as set out in paragraph 3 of this report and set out below as follows, that:

- 1) the proposed new Pay & Performance scheme set out in Annexe 4 be approved and adopted for implementation from April 2018;
- 2) the proposed new Pay & Performance scheme be phased in over two financial years as follows:
 - a) No cost of living increase across the board or performance pay to be made in 2018/19 and

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- b) the Bonus A scheme be discontinued from the end of 2017/18 financial year;
 - c) Annual Progression on a 9 point scale be introduced in 2018/19 with assimilation from 20 Market Anchors to 12 Market Anchors;
 - d) All employees on SCP 9 be awarded a one off 1% (consolidated) plus a one off 1% non-consolidated payment in April 2018;
 - e) 1% be paid across the board to all employees in 2019/20 (an increase from the proposed 0.5%)
- 3) the National Joint Council (NJC), Local Government Single Status job evaluation scheme (Green Book) be adopted.
- 4) the additional £64k for 2018/19 and £78k for 2019/20 to be found from within existing budgets

1 Implications for the Council's Key Priorities, Service Plans and Sustainable Community Strategy

- 1.1 In order for the Council to meet its key priorities it needs to employ staff to deliver services and those employees need to be paid a fair wage for the work that they do.
- 1.2 The Council needs to adopt a pay structure that is fair, transparent and competitive in order to recruit and retain staff. If this does not happen the Council will face difficulties in delivering services effectively.

2 Background

- 2.1 During 2016/17, the Council committed via the Joint Staff Committee/HR Panel and Strategy & Resources Committee to formally review the Council's Pay & Performance Scheme.
- 2.2 The current scheme is attached in **Annexe 1**.
- 2.3 The Local Government Association were invited to support the review and their original summary report is attached in **Annexe 2**.
- 2.4 The reasons for the review are set out in **Annexe 6 (exempt from publication)**.

3 Recommendations of the HR Panel

- 3.1 Having reviewed the proposed new Pay and Performance scheme and reviewed the feedback from staff collated as part of the consultation undertaken by the Staff Consultative Group, members of the HR Panel recommended to Strategy and Resources Committee that:

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- 3.1.1 the proposed new Pay & Performance scheme set out in Annexe 4 be approved and adopted for implementation from April 2018;
- 3.1.2 the proposed new Pay & Performance scheme be phased in over two financial years as follows:
 - No cost of living increase across the board or performance pay to be made in 2018/19 and
- 3.1.3 the Bonus A scheme be discontinued from the end of 2017/18 financial year;
- 3.1.4 Annual Progression on a 9 point scale be introduced in 2018/19 with assimilation from 20 Market Anchors to 12 Market Anchors;
- 3.1.5 All employees on SCP 9 be awarded a one off 1% (consolidated) plus a one off 1% non-consolidated payment in April 2018;
- 3.1.6 1% be paid across the board to all employees in 2019/20 (an increase from the proposed 0.5%)
- 3.1.7 the National Joint Council (NJC), Local Government Single Status job evaluation scheme (Green Book) be adopted.

4 Proposals

- 4.1 The Strategy & Resources Committee approve the proposed new Pay & Performance scheme as outlined in **Annexe 4**.
- 4.2 The Strategy & Resources Committee approve the additional £64k for 2018/19 and £78k for 2019/20 from within existing budgets.

5 Financial and Manpower Implications

- 5.1 The Financial & Manpower implications are outlined in section 8 of Annex 6.
- 5.2 **Chief Finance Officer's comments:** *The updated Medium Term Financial Strategy submitted to Council in February 2017 included a provision of £182,000 for an increase in the pay bill for 2018/19. A similar amount has been included for 2019/20.*
- 5.3 *The proposed pay settlement for 2018/19 is likely to cost £246,000: an increase in the expected cost of pay of £64,000. This additional cost, if supported will need to be found from additional savings or income incorporated into the 2018/19 budget.*
- 5.4 *The proposed pay settlement for 2019/20 is expected to cost £260,000. This is also in excess of that anticipated within the MTFs by £78,000 which, if supported, will need to be found from within existing budgets or from additional income.*

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5.5 *The forecast position in the MTFs shows that the Council needs to deliver savings/additional income of over £600,000 in 2018/19 and £1 million in 2019/20 in order to deliver a balanced budget with no use of working balances for these 2 financial years.*

5.6 *The Council has identified the majority of these savings but at the time of writing this report still needs to identify further savings of £100,000 for 2018/19 and £500,000 for 2019/20.*

6 Legal Implications (including implications for matters relating to equality)

6.1 In 2015 the Council carried out a review of its Pay and Performance scheme which was undertaken by the LGA. The review identified areas that needed to be addressed such as too many grades, inadequate differentials between the spinal column points and a complex appraisal scheme. This has culminated in the recommendations within this report.

6.2 There have been no equal pay claims in the last four years.

6.3 ***Monitoring Officer's comments:*** *The legal issues have been addressed in the body of the report. Whilst I do not necessarily agree with some of the LGA advice/analysis, there clearly are matters to address. For example, the LGA felt that the Council may be vulnerable to an age discrimination claim based on the use of nine spinal column points per market anchor. I do not consider this to be the case on this basis alone. If left unaddressed, it is possible that some of the issues identified by the LGA could give rise to claims in the future. The proposals in the report mitigate the risk of future claims being made.*

7 Sustainability Policy and Community Safety Implications

7.1 There are no implications for this report.

8 Partnerships

8.1 There are no implications for this report.

9 Risk Assessment

9.1 Failure to agree a revised Pay & Performance scheme is likely to lead to increased turnover and difficulties in recruitment and retention of staff, as well as contribute to low staff morale.

10 Conclusion and Recommendations

10.1 The Committee is requested to endorse the HR Panel's recommendation to implement the new Pay & Performance scheme and agree to the additional funds to implement the proposal.

10.2 The Committee is requested to endorse the HR Panel's recommendation to implement the National Joint Council (NJC), Local Government Single Status job evaluation scheme (Green Book).

Ward(s) Affected: (All Wards);