

## ITEM

## Review of the Council's Grading Structure

Report of the Chief Executive

### Recommended:

**That the grading structure be updated in line with equal pay best practice as set out at Annex 1.**

#### SUMMARY:

- A review of the Council's pay and grading structure has been undertaken
- A pay and grading structure is made up of two parts:
  - A job evaluation part where the job evaluation scores are separated into grades. This was found to follow best practice.
  - A pay spine which is placed against each of the grades. Currently each grade is separated into 5 points, where 2-3 of these points overlap with the previous pay grade.
- Best practice is not to have a pay spine with overlapping pay scales.
- This report recommends removing the overlapping pay points to bring the pay spine into line with best practice.
- The report recommends removing points 1 and 2 on the pay spine and making amendments to pay points 3 and 4 in Grades 3 and 4 to remove the overlap. See new suggested grade structure at Annex 1
- There will be no increase in the maximum pay of each grade arising from this proposal.
- No employees will be adversely affected by the changes. A few employees who are on point 1 or 2 of the grade on the 1 April 2019 will move to point 3 of the grade.
- The cost for making these changes as of 1 April 2019 have been included in the pay award.
- The report recommends retaining the training grade which is a longer 6 point scale in full to enable the appointment and development of higher level apprenticeships at level 4 and above.

### 1 Introduction

- 1.1 As part of reviewing equal pay arrangements, the HR Manager has undertaken a review of the Council's pay and grading structure to ensure it is in line with best practice.

## **2 Background**

- 2.1 A pay and grading structure is made up of two parts. A job evaluation part, where job evaluation scores are linked to individual pay grades and a pay spine which is placed against each of the grades. The separation of the Council's HAY Job Evaluation scores into grades follows best practice and this has been confirmed by an external HAY expert, who confirmed no minor adjustments were needed.
- 2.2 The Council's existing pay spine has been set up with 5 scale points for each grade, where between 1 and 3 of those scale points overlap with the previous grade. Overlapping pay scales raise the issue of individuals doing work of greater value (in Job Evaluation terms) but potentially being paid less than colleagues on a lower grade.
- 2.3 Butting, where the top of one grade is equal to that of the next grade, is generally seen as acceptable as an individual on the maximum of the lower grade has several years' experience, which means they may be doing work of an equal value to a new starter on the next grade.
- 2.4 General best practice is not to have overlapping grades. Aside from the equal pay considerations it is generally perceived as unfair by employees.

## **3 Corporate Objectives and Priorities**

- 3.1 The issue of valuing staff and treating them fairly and with respect and in line with equal pay best practice is key to having a motivated workforce and being a high performing Council.

## **4 Consultations/Communications**

- 4.1 The matter has been the subject of consultation with Heads of Service and Portfolio Holders. They support a recommendation being made to this Committee to update the pay spine and remove the overlap between the grades as suggested in the table in 5.2
- 4.2 Consultation has also taken place with the unions. At the point of writing this report we are awaiting their response. The outcome of this consultation will be reported verbally at the Committee.

## **5 Options**

- 5.1 It is recommended the pay spine be updated to remove the overlapping pay points across the grades. The suggested new pay spine can be seen below where points 1 and 2 have been greyed out to leave a pay spine with 3 scale points per grade. Where there is a 3 point overlap (Grades 3 and 4) between the grades an adjustment has been made to points 3 and 4 to remove the overlap and to smooth out the difference between the points in the grade. Corrected pay points can be seen in Grades 3 and 4 below. There will be no increase in the maximum pay of each grade arising from this proposal.

## 5.2 Table based on 2018/19 pay spine

Grade	Point 1	Point 2	Point 3	Point 4	Point 5
1 / 2	£15,327	£16,105	£16,885	£17,683	£18,477
3	£16,247	£17,079	£17,948 £18,500	£18,776 £19,062	£19,624
4	£17,279	£18,192	£19,108 £19,650	£20,021 £20,296	£20,924
5	£19,119	£20,133	£21,141	£22,163	£23,175
6	£21,091	£22,207	£23,345	£24,475	£25,588
7	£25,381	£26,742	£28,110	£29,476	£30,868
8	£28,181	£29,725	£31,266	£32,821	£34,361
9	£31,571	£33,302	£35,033	£36,768	£38,523
10	£36,196	£38,194	£40,199	£42,193	£44,191
11	£40,587	£42,837	£45,085	£47,315	£49,561
SM1	£47,086	£49,679	£52,286	£54,905	£57,508
SM2	£57,203	£60,364	£63,546	£66,704	£69,890
SM3	£64,412	£67,989	£71,531	£75,121	£78,695
CO1	£71,919	£75,897	£79,893	£83,878	£87,863
CO2	£84,290	£88,957	£93,635	£98,309	£102,970
CE	£101,024	£106,626	£112,221	£117,831	£123,426

5.3 The Council also has a training grade covering 6 scale points and it is recommended that this is retained to enable the appointment and development of apprentices (including those who may be school leavers who have completed an A level course) to undertake level 4 or higher level apprenticeships. Some degree level apprenticeships may take 5-6 years to complete. This training grade is detailed below.

	Point 1	Point 2	Point 3	Point 4	Point 5	Point 6
TRAIN	£16,900	£17,259	£18,080	£18,925	£19,845	£20,924

5.4 This would be in addition to the pay grade we already have for Level 2 and 3 apprentices who commence employment on £6.00 per hour in year 1 raising to £6.50 per hour or the national minimum wage for their age in year 2 whichever is the higher.

## 6 Option Appraisal

6.1 The benefits of making the recommended changes to the pay spine bring the Council's pay and grading structure into alignment with equal pay best practice.

6.2 The assimilation of 28 employees on scale points 1 and 2 on the 1 April 2019, will be to raise them to point 3 of their current grade, meaning no employees will be adversely affected by the changes.

## **7 Risk Management**

7.1 If the current pay and grading structure remains unchanged there is a risk this may give rise to an argument around equal pay.

## **8 Resource Implications**

8.1 The costs for making the changes to the pay spine have been included in the costs of the 2019/20 Pay Award.

## **9 Legal Implications**

9.1 No adverse legal implications are identified resulting from the recommendation contained in this report. If approved, the recommendation would result in increased robustness of the Council's pay and grading structure.

## **10 Equality Issues**

10.1 The recommended changes have arisen from a review of the Council's grading structure and promote good practice in terms of equality.

## **11 Conclusion**

11.1 Recommend amending the Council's Pay Spine to bring it into alignment with equal pay best practice as outlined in this report. The suggested amendments to the existing pay spine are included in section 5.2 of this report. The recommended new pay spine is attached at Annex 1.

### Background Papers (Local Government Act 1972 Section 100D)

None

### Confidentiality

It is considered that this report does not contain exempt information within the meaning of Schedule 12A of the Local Government Act 1972, as amended, and can be made public.

No of Annexes:	1	File Ref:	N/A
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Report to:	General Purposes Committee	Date:	17 April 2019