

Pay and Reward Strategy – Project Update

SUMMARY

- 1.1 The report provides the committee with an update on the Pay and Reward Project, including decisions taken and actions currently being progressed by officers.

RECOMMENDATION

- 2.1 To note the current position on implementing a revised Pay and Reward Strategy for the council and endorse the overall approach being adopted.

REASONS FOR RECOMMENDATION

- 3.1 The committee have previously approved governance structures for this project. This report provides feedback to the committee on decisions taken to date by the project Strategy Board and the overall status of the project.

SUPPORTING INFORMATION

- 4.1 At its previous meeting on 10 July 2012, the committee approved governance structures for the Pay and Reward Project as follows:
1. **Project Strategy Board** constituted of an Elected Member of each political party (Cllrs Roberts, Carr and Barker), the Chief Executive, Strategic Directors, the Director of Human Resources and a representative of the council's Strategic Partner, Aquarius Management Consultants.
 2. **Project Operational Board** constituted of an Elected Member from the Strategy Board (Cllr Roberts), the Director of Human Resources, representatives from each Strategic Directorate, the Director of Transformation, representatives of Finance, representatives of Unison, Unite and GMB trade unions, Legal, Communications and Aquarius Management Consultants.

- 4.2 The Project Strategy Board has met twice and agreed that the Strategic Director of Resources will act as Senior Responsible Owner (SRO) for the project and the Project Operational Board has met once. In addition to this the Project Manager has convened weekly meetings with the three trade unions to engage with them on progress on the project and consult on those aspects of the overall approach which will affect their Members.
- 4.3 The project remains on target for implementation by April 2014 but the volume of work to be undertaken and level of commitment required from all parts of the organisation in order to achieve these demanding timescales cannot be overstated. A summary of decisions taken to date on the project and associated actions and progress made are summarised in the table attached at Appendix 2 to this report.
- 4.4 The committee are asked to note the current position and endorse the overall approach being taken.

OTHER OPTIONS CONSIDERED

- 5.1 None. It is vital that the council adopts a comprehensive and strategic approach to pay and reward in order to limit the scope for legal challenge whilst supporting the recruitment and retention of a skilled and motivated workforce.

This report has been approved by the following officers:

Legal officer Financial officer Human Resources officer Service Director(s) Other(s)	Nikki Gibbons Karen Jewell
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For more information contact: Background papers: List of appendices:	Name 01332 643689 e-mail jonathan.redfern@derby.gov.uk Report to Personnel Committee on 10 July 2012 – 'Pay and Reward Strategy Project Update and Proposed Governance Arrangements Appendix 1 – Implications Appendix 2 – Summary of Decisions and Current Position on Pay and
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	Reward Project
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IMPLICATIONS

Financial and Value for Money

- 1.1 The adoption of a new pay and grading structure based on an objective method of job evaluation will demonstrate transparency and fairness and provide the council with a more effective defence for future equal pay claims.

Legal

- 2.1 The adoption of a new Pay and Grading structure is necessary to ensure compliance with Equality Act 2010 and guidance issued by the Equality and Human Rights Commission (EHRC) and to manage equal pay liabilities.

Personnel

- 3.1 Development and implementation of an effective Pay and Reward Strategy is a critical aspect of the council's Organisational Development Framework and will support the recruitment and retention of a skilled and motivated workforce.

Equalities Impact

- 4.1 See paragraph 2.1 above.

Health and Safety

- 5.1 None direct.

Environmental Sustainability

- 6.1 None direct.

Asset Management

- 7.1 None direct.

Risk Management

- 8.1 A Project Risk Register has been prepared and will be updated during the project with management of risks being assigned to named risk actionees.

Corporate objectives and priorities for change

- 9.1 COD1

Summary of Decisions and Current Position on Pay and Reward Project

No.	Issue	Decision/ Current Position	Next steps (where applicable) or other issues arising
1.	Project Objectives	<ul style="list-style-type: none"> • Undertake an objective job evaluation exercise on all posts within the scope of the project • Design, develop and implement a new Pay and Grading structure based on the principle of equal pay for work of equal value • Review and harmonise conditions of service to ensure these are consistently applied across the whole council, affordable and easy to administer 	To be kept under review in light of project progress and input from key stakeholders
2.	Project scope	<p>The project will cover posts that are graded and covered by:</p> <ul style="list-style-type: none"> • Green Book terms (former APT&C and Manual employees) up to and including Heads of Service • Craft terms and conditions <p>This includes support posts in Local Authority controlled Derby schools</p>	Derby Homes excluded from scope at present, but to be kept under review
3.	Project Benefits	<ul style="list-style-type: none"> • Potential defence against equal pay claims • Fair and transparent pay structure • Modernised terms and conditions • Work done to evaluate jobs will provide a sound basis for introducing Job Family modelling approach 	<p>Project priority is to establish fair and transparent Pay and Grading structure.</p> <p>Once implemented the project will provide the basis for standardising the approach to job descriptions across the council and providing a platform for adopting Job</p>

			Families.
4.	Project Plan and timelines	<p>Project Plan agreed by Project Strategy Board with three distinct phases, each containing separate component stages:</p> <ol style="list-style-type: none"> 1. Pre-implementation - to August 2013 <ul style="list-style-type: none"> • Agreeing project approach and methodology • Undertake pilot Job Evaluation test • Roll out Job Evaluation across whole workforce • Pay modelling/ develop new pay structure • Review terms and conditions 2. Implementation – to March 2014 <ul style="list-style-type: none"> • Detail to be determined in light of outcomes of pre-implementation stage 3. Post implementation – April 2014 onwards <ul style="list-style-type: none"> • Detail to be determined, but will include job evaluation appeals 	Project Plan will be kept under continuous review and updated at the conclusion of each stage and in the light of experience.
5.	Workstream leads	<p>In recognition that this project will impact on the whole organisation and to ensure appropriate expertise is appropriately engaged on the project, seven Workstream Leads have been appointed for the following activities:</p> <ul style="list-style-type: none"> • NJC job evaluation pilot • Hay job evaluation pilot/ roll out • NJC job evaluation roll out • Finance and Pay Modelling • Terms and conditions 	The Project Manager will co-ordinate interdependencies between different Workstreams and address any slippages in Workstreams through the relevant Service Director.

		<ul style="list-style-type: none"> • Schools • Communications and Engagement <p>Workstream leads report to the Project Manager on their Workstreams and will provide updates to the Operational Project Board.</p> <p>Additionally there a number of other cross cutting activities which will underpin the activities of these Workstreams and the project generally. These include Legal, IT, Trade Union engagement and liaison, Equalities and Management Information. The Project Manager will liaise with the relevant Service Directors to ensure that relevant resources are available to support other Workstreams throughout the lifetime of this project.</p>	
6.	Job Evaluation approach	<p>Agreed that two Job Evaluation schemes will be used:</p> <ul style="list-style-type: none"> • NJC 'National' scheme – designed for use in Local Government and will be applied to the majority of posts within project scope • Hay scheme – designed for use with managerial and specialist posts and bases evaluation on job holder know how, problem solving and accountability <p>Job holder and line manager will jointly complete and sign off Job Information Questionnaire in order to produce a Role Profile which sets out responsibilities against each of the job factors to be evaluated.</p>	Lessons learned in the pilot stage will be incorporated into the main roll out stage.

		<p>Job Evaluation for posts under the NJC scheme will be evaluated by a joint management/ trade union panel.</p> <p>Benefits of this approach are:</p> <ul style="list-style-type: none"> • Greater consistency • Ability to compare jobs and relativities during the evaluation process, rather than at the end • More efficient use of resources and will enable evaluations to be completed within project timescales <p>Hay evaluations will be undertaken by Aquarius Management Consultants who are licensed to use Hay proprietary scheme. Director of Human Resources will arrange for DCC staff to be trained to use Hay evaluation system following project implementation in April 2014</p>	
7.	Communications and Engagement	<p>Success of project will rely on open and transparent communication in which information imparted to staff is timely and relevant to them and how they will be affected by the project.</p> <p>Communications Plan agreed based on three phases set out in the Project Plan.</p> <p>Initial communications advising of project launch has been shared with whole workforce. Communication Plan sets out basis for regular update communications for whole workforce and bespoke communication for different stages of the project and specific groups of staff affected.</p>	<p>Plan will be regularly updated and kept under review.</p> <p>Project Operational Board will be responsible for Communication Plan, with Director of Human Resources responsible for approval of urgent communications in consultation with Strategic Director of Resources.</p>

8.	Risk Register	<p>A full Risk Register has been prepared setting out Risk Owners and Risk Actionees for each risk.</p> <p>Main risks identified at this stage are around project resources and organisational commitment to work to demanding project timescales.</p> <p>Project Plan sets out possible counter measures to address risk and details actions taken to address and close down individual risks</p>	<p>Risk Register will be kept under review and regularly updated.</p> <p>Major risks will be escalated to Project Strategy Board for resolution.</p>