

PAY AND REWARD PROJECT UPDATE AND PROPOSED GOVERNANCE ARRANGEMENTS

SUMMARY

- 1.1 Arising from the resolutions of Council Cabinet on 26 October 2010 the Council has committed to implementing a new pay and grading structure based on the principles of equal pay for work of equal value consistent with guidance produced by the Equality and Human Rights Commission (EHRC). Following a procurement exercise undertaken in line with European legislation and Council procedures Aquarius Management Consultants have been appointed as Strategic Consultancy Partner to provide specialist advice and support to the project. The target date for implementing the new pay and grading structure is April 2014.
- 1.2 There will be two main aspects of the project:
 - Design, development and implementation of a new pay and grading structure
 - Review and harmonise conditions of service
- 1.3 The project is scheduled to run for two years and will be delivered in three stages:
 - Project start up and key decisions – by July 2012
 - Project scope and development – July 2012 to September 2013
 - Project implementation – by April 2014
- 1.4 The Director of Human Resources and Business Support will ensure that the Council has the necessary HR skills and capacity in place to support delivery of the project and also take steps to maximise skills transfer to reduce the Council's exposure to risk and unnecessary additional costs. Additionally, in order to provide oversight of this project and to ensure that its outcomes are consistent with the strategic priorities of the Council and support the delivery of effective services, it is proposed to establish a three tier governance structure for the project consisting of:
 - Strategy Project Board – to be a Working Group of Personnel Committee and provide strategic direction on the Pay and Reward Strategy
 - Operational Project Board – to oversee operational delivery of the project, to manage any risks and resolve any issues which may impact on successful delivery
 - Trade Union Forum – to facilitate regular liaison and updates on the project

and provide the forum for local negotiations on Part 3 Green Book provisions

- 1.5 Proposed membership and Terms of Reference for the Strategy Project Board, Operational Project Board and Trade Union Forum are attached as Appendix 2 to this report. In order that the Trade Unions have direct access to Elected Members on pay and reward issues throughout the lifespan of this project it is proposed that an Elected Member representative of the Strategy Project Board should also be a member of the Operational Project Board.

RECOMMENDATIONS

- 2.1 To approve Project governance structures and terms of reference for the Pay and Reward Project as set out at Appendix 2.
- 2.2 To nominate three members of the Committee (consisting a representative of each political party) to be members of the Pay and Reward Project Strategy Board and also nominate one representative to be a member of the Pay and Reward Project Operational Board.

REASONS FOR RECOMMENDATIONS

- 3.1 It is vital that the Council makes early progress in the development and implementation of a new Pay and Reward Strategy in order to support strategic priorities and effectively manage the Council's equal pay risks.

SUPPORTING INFORMATION

- 4.1 The national Single Status Agreement was established in 1997 and brought together the previously distinct conditions of service agreements for former Administrative, Professional, Technical and Clerical (APT&C) staff and former Manual Workers into a new National Joint Council for Local Government Services (the 'Green Book'). The Council is keen to establish the principle that that the whole of the workforce should be employed on the same conditions of employment and also be able to robustly defend any claims that employees in one employment group are being treated more (or less) favourably than employees in another employment group.
- 4.2 The Council previously attempted to introduce job evaluation through a project that ran from 2004-2010. Due to inconsistencies in results compounded by the amount of organisational change that had occurred during the lifetime of the project it was established in 2010 that no further progress could be made using the methodology and approach to job evaluation that was being applied at that time.

- 4.3 In order to ensure that the Council has compliant systems in place for determining pay and grading arrangements and ensuring that terms and conditions of service are harmonised and applied consistently across the whole organisation it is important that this project is now progressed without any further delay and that a target implementation date of April 2014 is agreed.
- 4.4 In order to achieve these challenging timescales it is considered that more expeditious progress will be made by making the project accountable to a Strategy Board acting as a Working Group of the Personnel Committee. The Strategy Board should meet as soon as is practicable in order to consider a high level project plan and give officers direction on a number of points of principle including:
- Agree which occupational groups fall within project scope
 - Choice of job evaluation methodology
 - Determine and agree Pay Strategy
 - Agree which conditions of service should be reviewed
 - An overall workforce communications strategy
- 4.5 Once the Strategy Board have provided direction on these and other related issues the Operational Project Board will develop more detail to be progressed by the Director of Human Resources and the Council's Strategic Partner. The trade unions will be fully engaged in these deliberations through their membership of the Operational Project Board and the Trade Union Consultative Forum that will consider the impact of this strategy on the workforce. It is proposed that Unison, GMB and Unite, the three Trade Unions party to the National Joint Council for Local Government Services will be invited to all meetings of the Trade Union Consultative Forum and other trade unions would be invited to attend these meetings as appropriate where issues affecting their members in Derby are to be considered.
- 4.6 The Committee will be regularly updated on the progress of this project and any proposed changes to terms and conditions of employment will be submitted to this Committee for approval.

OTHER OPTIONS CONSIDERED

- 5.1 None. It is vital that the Council adopts a comprehensive and strategic approach to pay and reward within the timeframe indicated 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)	Paul McMahon Andy Jones Jon Redfern Karen Jewell, Stuart Leslie, Martyn Marples N/A
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For more information contact: Background papers: List of appendices:	Karen Jewell 01332 643724 karen.jewell@derby.gov.uk None Appendix 1 – Implications Appendix 2 – Proposed Terms of Reference and Membership for Project Governance structure
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IMPLICATIONS

Financial and Value for Money

- 1.1 A Single Status/ Job Evaluation reserve has been established to deal with one off costs relating to the implementation of Single Status. This reserve is anticipated to stand at £4 million by 2014/15. Ongoing budget provision post implementation in 2014/15 is £2.5 million per annum.

Legal

- 2.1 This work is necessary to ensure compliance with the 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 implantation 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 1.2 above.

Health and Safety

- 5.1 None directly arising.

Environmental Sustainability

- 6.1 None.

Asset Management

- 7.1 The approach to Pay and Reward will be developed mindful of new working arrangements which underpin Derby Workstyle and therefore support the effective use of the Council's property assets and other hardware.

Risk Management

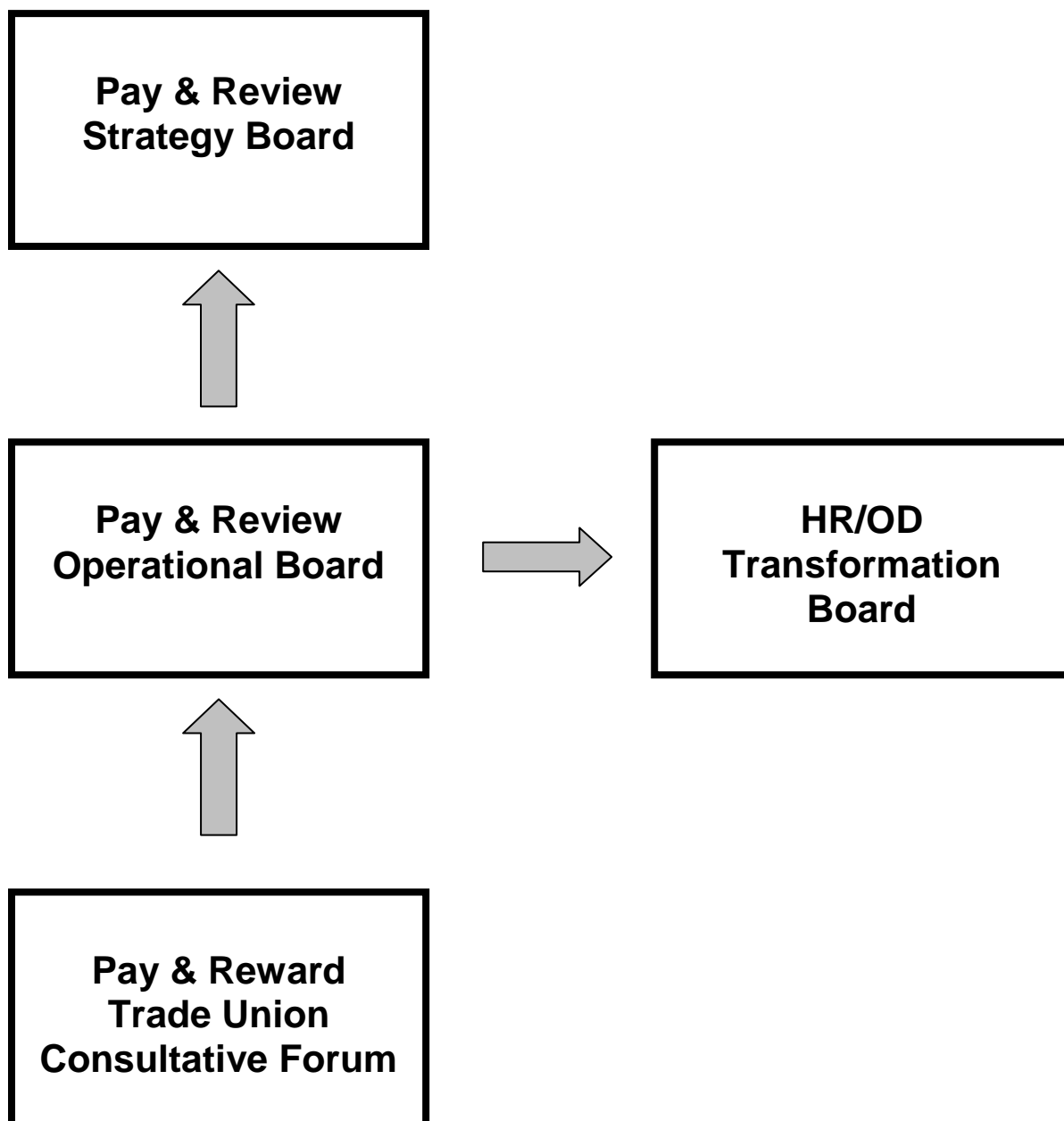
- 8.1 A Risk Register will be prepared as part of the Implementation phase of the project.

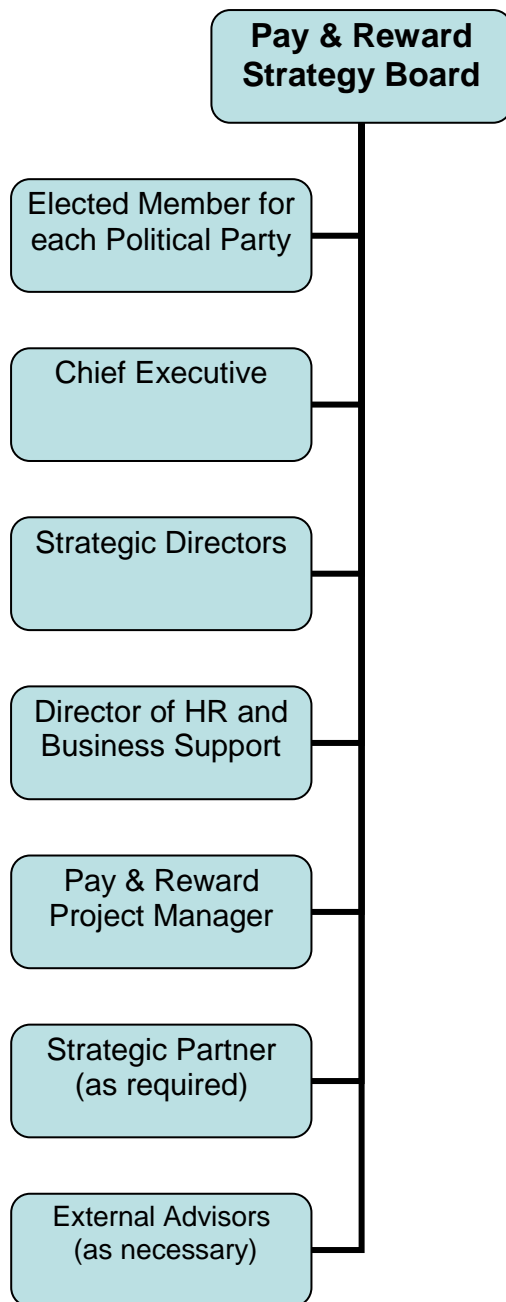
Corporate objectives and priorities for change

- 9.1 COD1

Appendix 2

Governance Arrangements for Pay & Reward Review





Pay & Reward Strategy Board – Terms of Reference

Purpose

To provide strategic leadership and direction to the Pay and Reward Strategy.

Terms of Reference

- To provide overall direction on the development and implementation of a Pay and Reward Strategy
- To provide strategic input and challenge on relevant HR policy development
- To have strategic oversight of the pay and grading arrangements, including guidance on variation to conditions of service
- To monitor overall financial impact of proposals
- To monitor spend on project implementation
- To allocate the necessary resources to enable the strategy to be delivered
- To receive progress reports on the projects being delivered as part of the strategy
- To provide any support necessary to address issues and risks arising from the projects
- To agree the overall Communication Strategy
- To ensure proposals developed are in line with Council plan and meet the needs of Derby's communities

Frequency of Meetings

Where possible, the Board will meet on a bi-monthly basis.

Pay & Reward Operational Board

Director of HR and Business Support or
nominee

Elected Member
Representative from Strategy
Board

Pay & Reward Project Manager

Representatives from each
Directorate

HR Business Partners

Director of Strategic Services
and Transformation

Finance/ Legal/ Communications
Representative

Trade Unions Representative – Unison
/ GMB/ Unite

Strategic Partner

Pay & Reward Operational Board – Terms of Reference

Purpose

To support the operational delivery of the project and to manage any risks and resolve any issues which may impact on its successful delivery.

Terms of Reference

- To provide the Strategy Board with updates on the progress of the project
- To ensure that the project and specific work streams have the necessary resources
- To receive progress reports on the work packages being delivered as part of the project
- To manage any risks and resolve any issues which may impact on the successful delivery of the project
- To co-ordinate the overall Communication Strategy for the project
- To ensure the project benefits are being achieved
- To manage the inter-dependencies on the project
- To review and agree options for taking forward different aspects of the project
- To ensure proposals developed meet future service needs
- To ensure policy and strategy is developed to support the Council's commitment to equality and diversity

Frequency of Meetings

The Board will meet on a monthly basis.

Reports to...

This Board reports to the Pay & Reward Strategy Board. The Operational Board will also provide updates to the HR/ OD Transformation Board to ensure that the Pay & Reward strategy being developed/ implemented is consistent with and informed by the Council's wider strategies.

