

Birmingham City Council

Report to Cabinet

26th April 2022



Subject: **JOB EVALUATION / PAY & GRADING**

Report of: **Darren Hockaday**
Interim Director for Human Resources

Relevant Cabinet Member: **Councillor Tristan Chatfield - Finance and Resources**

Relevant O & S Chair(s): **Councillor Mohammed Aikhlaq - Resources**

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Are specific wards affected?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No – All wards affected
If yes, name(s) of ward(s):		
Is this a key decision?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
If relevant, add Forward Plan Reference: 010127/2022		
Is the decision eligible for call-in?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If relevant, state which appendix is exempt, and provide exempt information paragraph number or reason if confidential:		

1 Executive Summary

- 1.1 This work is only applicable for those staff subject to National Joint Council for Local Government Services (NJC for LGS) Green Book pay and conditions document.
- 1.2 In 2018, BCC and the Recognised Trade Unions agreed to review the seven grade pay structure - viewed as being an inequitable structure; does not lend itself easily to recruitment, is unwieldy in its ability to retain, and the extensive spinal column point range is not reflective of the complexity of work undertaken – evidenced by recruitment campaigns and exit interviews.

- 1.3 It is expected that implementing a robust pay structure will both mitigate future equal pay risk, but also ensure that there is a more appropriately targeted salary in line with market rates, reducing reliance on contingent labour.
- 1.4 BCC spent c£80m on total contingent labour e.g. agency workers, interim etc., in 2020/21, most service areas stating that reliance on contingent labour is as a result of “hard to recruit” roles – and remuneration (BCC starting salary being below market rates for many positions) is a significant contributor to this challenge.
- 1.5 Increasing the number of directly engaged staff has the benefit of securing a committed workforce, and potentially reducing contingent workforce spend.
- 1.6 Resolving our NJC for LGS pay structure to enable us to recruit responsively, retain quality talent and reduce our contingency spend, in partnership with our Trade Union colleagues, is in line with the Council Plan and Workforce Strategy (2018-22) to be an employer of choice.
- 1.7 Success will be demonstrated through reduced recruitment costs, less attrition and satisfied employees and managers.
- 1.8 Work has already commenced in the Due Diligence project (detailed below), as the job evaluation/due diligence project was initiated as following agreement with Trade Unions, due to the age of some evaluations and the cutbacks within HR since Single Status, job evaluations had not been regularly reviewed except when new jobs or restructures were borne and any commitment to changing pay structures has to rely on fit for purpose evaluations.
- 1.9 This further request for funding, is to ensure the successful completion and delivery of these outcomes by; -
 - 1.9.1 Providing funding stream to “backfill” Trade Union colleagues, so that they may be released to undertake job evaluations as a partner in the job evaluation panel, in accordance with Green Book recommendations and our agreed approach. This release has already been approved by Director of Council Management.
 - 1.9.2 Resourcing the project team to fulfil the review of all NJC for LGS job evaluations (and appeals as appropriate), pay model, develop the structure, and implement contractual changes. This resourcing encompasses the temporary inclusion of the “business as usual” job evaluation function, to ensure consistency of approach and sustainable transition upon conclusion of the project.
 - 1.9.3 Obtaining specialist external expertise to support the project to completion at pace. This is a desirable option, the specialism in the labour market for job evaluation experts is scarce, which has been demonstrated through the number of advertising campaigns that have been undertaken by this team and also, demonstrable in attrition rates where non-specialists have been appointed with a view to training and development, and those individuals

have not settled into the job evaluation specialism well – resulting in loss of talent and officer time training. External job evaluation specialists, will pump prime the job evaluation tranches, mitigate against market instability, and provide support to proceed at pace. This will require a separate procurement exercise, should this be approved.

- 1.10 A scoping exercise specifically related to potential outcomes of job evaluation related to the potential cost of the payroll will be assessed to indicate any financial implications as part of risk mitigation. This exercise will commence in April 2022. The JE governance steering board will oversee financial implications as they arise, with early site provided by the scoping exercise.

2 Recommendations

- 2.1 Approval of funding of £3,572,705 from the Policy Contingency Fund and resource request to support the completion of all phases of Job Evaluation / Pay & Grading Programme to achieve the modelling of a new fit for purpose NJC for LGS pay structure. This excludes the impact on the pay bill itself.
- 2.2 A further presentation to Cabinet, no later than March 2023, to review progress and allowing for scrutiny of the funding made available and any unforeseen circumstances that could impact on this.
- 2.3 A further Cabinet report detailing the impact of the modelling will be brought back to Cabinet later in the summer once this has been completed.
- 2.4 The “Business as Usual” job evaluation resource and funding requirement is consolidated within the project for the period of the project, to ensure consistency of approach.

3 Background

- 3.1 Funding was initially obtained to undertake the Due Diligence project outlined in the summary above, to investigate and substantiate compliance.
- 3.2 Progression with moving to reviewing all job evaluations has been steady, following an initial 8 month delay due to dispute (resolved) and complications around the pandemic response.
- 3.3 Relationships with Trade Union colleagues are strong, and all are committed to moving with management, at pace to get to the intended position.
- 3.4 Training is in the pipeline for union colleagues but will be futile until release can be arranged to enable job evaluations to proceed.
- 3.5 The team built as a result of the initial 2-year project has now reduced due to fixed term contract expiration worries/fatigue and as a result of growing our talent who have gained permanent promotions externally.
- 3.6 The Due Diligence project has completed its review of the job evaluation and compliance landscape and has achieved the following; -

- 3.6.1 Compliance Project in place to consider compliance matters – interdependencies with Legal and HR Services
- 3.6.2 An agreed commitment with Trade Unions as partners, to make our NJC for LGS (Green Book) pay structure fit for a modern council; enabling us to be an employer of choice and competitive to recruit and retain our talent.
- 3.6.3 An agreed commitment with Trade Unions as partners, to a new Job Evaluation process and policy
- 3.6.4 An agreed commitment with Trade Unions to commence a full programme of job evaluations to include all jobs in scope.
- 3.6.5 A fully visible Job Evaluation Project Board supported by a project plan that provides key milestones and deliverables to achieve the above themes.
- 3.6.6 An agreement from Trade Unions to provide support to enable the organisation to undertake evaluations in line with the Green Book methodology (i.e. Trade Unions as partners on the panel), thus improving trust and transparency for jobholders.
- 3.7 We will implement an agreed and fit for purpose NJC for LGS Job Evaluation Policy, Procedure and Appeals Process, ensuring jobs are fairly, transparently, and equitably evaluated, in line with Equality Act 2010.
- 3.8 The next stage will result in the development and implementation of an effective NJC for LGS Pay structure that attracts and retains staff, removing excessive SCPs and thus, maximising adherence to Equality Act 2010 and mitigating the risk of Equal Pay claims.
- 3.9 A financial scoping exercise will commence next month, but it is important to note that this is not a cost saving exercise and thus, is not provided to limit the cost envelope – assurances have been shared with our Trade Union colleagues by successive Chief Executives, S151 Officers and by our current Director of Council Management, that the outcomes are not limited and it is essential that this exercise is completed fairness and equity in mind.
- 3.10 This Funding and Resource proposal therefore seeks approval to conclude this programme of works by investing £3,572,705 in HR&OD resource funding from 2022/23 through to 2023/24.
- 3.11 This funding will allow Birmingham City Council to deliver the job evaluation review, implement a new pay structure, reduce contingent labour spend and minimize future risks via the following
 - 3.11.1 Full stakeholder engagement in review, including jobholders
 - 3.11.2 Improved trust in the outcomes via transparent job evaluation process
 - 3.11.3 Trade Union, Management and Job Analyst Gauge panels, with jobholder input in real time
 - 3.11.4 Appeals process to deal with anomalies in-house, avoiding unnecessary litigation

- 3.11.5 Regular recruitment KPI's and reward surveys to ensure the pay structure is achieving its intention.
- 3.12 Funding will be utilized to extend fixed term contracts of existing Senior Job Evaluation & Research Officers/Job Evaluation & Research Officers, obtain job evaluation specialists, as required and enable recruitment, alongside providing much needed release time for our Trade Union partners to be partners in the Job Evaluation Panels.
- 3.13 JE officers, recruitment of specialist JE analysts and key senior roles within the team. This will support BCC becoming a trusted partner with our Trade Union colleagues and enable the Council to deliver on its promises and commitment.
- 3.14 No funding provision for the Job Evaluation/Pay & Grading Programme has been allocated within the TOM, and as such, without the approval of this proposal, the continuation of the existing approach will continue and any Job Evaluation/Pay & Grading Programme aspirations will be unrealised.
- 3.15 As previous commitments have been made to Trade Unions regarding commitment to changing pay structure and job evaluation, any unrealised aspirations risks disputes and industrial action.
- 3.16 Benefits to undertaking a Job Evaluation exercise are as follows; -
- 3.16.1 BCC spent c£80m on total contingent labour – agency staffing, interim & consultancy – in 2020/21, most service areas state that reliance on contingent labour is as a result of hard to recruit roles – and remuneration (BCC pay being below market rates for many positions) is a significant contributor to this challenge.
- 3.16.2 It is expected that implementing a robust pay structure will both mitigate equal pay risk, but also ensure that there is a more attractive salary, and more flexibility to pay in line with market rates, reducing reliance on contingent labour.
- 3.16.3 Increasing the number of directly engaged staff has the benefit of securing a committed workforce, and potentially reducing contingent workforce spend.
- 3.17 Risks to not approving are as follows; -
- 3.17.1 Failure to attract and retain the very best talent to deliver excellent services for the organisation.
- 3.17.2 Damage to psychological contract; damaging relations with existing staff and resulting in poor morale which could impact on performance and good will.
- 3.17.3 Damage to strong relationships with partner Trade Unions, resulting in disputes and potential for industrial action and a reluctance to engage in any pay related negotiations.

3.17.4 Create further risk of uncertainty in relation to potential equal pay claims, due to incomplete processes and old evaluations, with further financial liability, akin to legacy claims.

3.18 A full council wide Job Count is nearing completion, from this the programme will produce a set of clear measurable KPI's. These will ensure an understanding of progress is maintained and where necessary challenged throughout the programme life.

3.19 The Job Evaluation / Pay and Grading Programme will be re-established as a key corporate programme with benefits, risks, cost tracking and reporting managed by a Programme Board - with clear sight to the Corporate PMO.

4 Options considered and Recommended Proposal

4.1 Not approve and maintain status quo – not recommended as this will not address the issues raised with regard to inequitable pay structure, difficulties recruiting and retaining staff due to imprecise salary bandings, continued risk of potential Equal Pay claims due to old evaluations, incomplete work with Trade Union colleagues and loss of trust garnered to collaborate as partners, all of which result in poor talent management, continued contingent labour spend and further potential litigation related to pay.

4.2 Approve funding and resource and recruit traditionally – this option will achieve outcomes, as it will approve the release of Trade Union colleagues and enable backfill, but timelines could be impacted due to the lack of job analysis specialists in the labour market and/or recruiting internally, resulting in training requirements for competent and confident job analysts capable of chairing and researching job evaluations (circa six months per analyst).

4.3 Approve funding and resource and recruit hybrid – this is the recommended proposal to achieve success in a timely manner, which would enable delivery to begin without further delay. Release of Trade Union colleagues would be facilitated, we can twin track retention of current talent and recruit and train, but support this by seeking external specialism to provide stability and pump prime the evaluation tranches. A procurement exercise will be required. Outcomes will minimise further future potential equal pay risk due to having clear, transparent and up to date job evaluations with jobholder input and supported by Trade Unions as partners, ability to recruit and retain staff, reduced labour turnover, fewer exits, reduced contingent labour spend, improved service for citizens. The “Business as Usual” job evaluation resource is consolidated within the project for the period of the project, to ensure consistency of approach. Towards the end of the programme consideration will be given to what a business as usual JE service is needed, going forward and how this will be funded.

5 Consultation

- 5.1 The Job Evaluation/Pay & Grading Programme has been established in consultation with TU partners as agreed.

6 Risk Management

- 6.1 All risk will be managed through Programme Governance and where relevant discussed and mitigated collaboratively with Trade Union partners

7 Compliance Issues:

7.1 How are the recommended decisions consistent with the City Council's priorities, plans and strategies?

- 7.1.1 See executive summary

7.2 Legal Implications

- 7.2.1 Legal colleagues are already consulted on the programme and as the programme develops, the programme will continue to adhere to legislation, legal requirements and advice and appropriate processes will be followed in consultation with legal colleagues. Legal advice and any other governance issues that may arise will be provided on an ongoing basis to the Programme Board and escalated as required.

7.3 Financial Implications

- 7.3.1 £3,572,705 is the total required investment to complete all phases of the Job Evaluation / Pay & Grading Programme to achieve the modelling of a new fit for purpose NJC for LGS pay structure. Funding will be made available from the Policy Contingency Fund.
- 7.3.2 The "Business as Usual" job evaluation resource and funding requirement of circa £380,000 is consolidated within the project for the period of the project, to ensure consistency of approach.
- 7.3.3 It is currently unknown whether the future pay model will be 'cost neutral' / 'cost higher' or 'cost lower'. A report detailing the costs will be brought back to Cabinet later in the summer once this modelling has been completed.

Detailed Financial Breakdown:

- The costs to undertake the work detailed in this report are spread across two financial years; 2022/23 and 2023/24 as follows:

Expenditure	2022/23	2023/24	Totals
Project Team	£781,014	£390,507	£1,171,521
External Expertise	£1,268,000	£84,000	£1,352,000
Backfill Trade Union	£699,456	£349,728	£1,049,184
Totals	£2,748,470	£824,235	£3,572,705

- Resourcing the project team to fulfil the review of all NJC for LGS job evaluations (and appeals as appropriate), pay model, develop the structure, and implement contractual changes is estimated to cost **£1,171,521**.
- Obtaining specialist external expertise to support the project to completion at pace is estimated to cost **£1,352,000**
- Providing funding to “backfill” Trade Union colleagues, so that they may be released to undertake job evaluations as a partner in the job evaluation panel, in accordance with Green Book recommendations and our agreed approach. Is estimated to cost £1,049,184. This release has already been approved by Director of Council Management.

7.4 Procurement Implications (if required)

7.4.1 NA – all recruitment to follow current frameworks.

7.5 Human Resources Implications (if required)

7.5.1 Job Evaluation/Pay & Grading, terms and conditions of employment, impact on pay related policies.

7.6 Public Sector Equality Duty

7.6.1 Equality Impact Assessment completed. No significant impact noted. All process and policies are designed to be non-biased toward all.

8 Appendices

8.1 Equality Impact Assessment (To follow)

9 Background Documents

9.1 None