

REPORT FOR EDLC BOARD	
Report Title:	SOM Implementation / Pay and Grading Model
Contact officer:	Mark Grant
Date:	12 th February 2017
Agenda Item No:	5
Report No:	EDLCT 62/17/MG

1. INTRODUCTION

- 1.1 The purpose of this report is to provide the Board with an overview of the outcomes of the SOM job evaluation process, including the consequential financial implications and with details of the revised Pay & Grading Model which will be implemented from 10th July 2017 for EDLC employees.
- 1.2 The Work has been on-going with the Independent Technical Adviser who was instrumental in the development of the Scottish Council's Job Evaluation Scheme; and as a member of the ACAS Panel of Independent Experts has also been the Independent equalities impact assessor to many of the Scottish Councils.
- 1.3 The Independent Technical Adviser has been the Council's adviser on the local application and implementation of the Scottish Council's Job Evaluation Scheme since 2002 and has provided expert verification of the design of Council's existing pay & grading model (as introduced in 2008) and the revised Pay & Grading Model to be implemented from 14th July 2017 for EDLC employees. **(to be confirmed)**
- 1.4 The Independent Technical Adviser has undertaken a full Equality Impact Assessment (EIA) of the implementation of the impact of the revised Rank Order of Jobs that resulted from the introduction of the 'Strategic Operating Model' ('SOM') that applied to the Council's organisational structure between 2009 and February 2013; and in particular, its impact on the Local Government Employees (LGE) and Craft grading and pay structure initially introduced as part of the Council's implementation of the SJC 'Single Status' Agreement in 2008.
- 1.5 The EIA is therefore considering a historical position in terms of the Council's remuneration arrangements that have subsequently been overtaken by the introduction of the 'Organisational Planning Model' ('OP') by the Council in 2013. However, this report also considers the future impact of embedding the Living Wage in the grading and pay structure which is currently the subject of discussion within the Scottish Joint Council for Local Government Employees (SJC for LGEs) at national level as the Council aims to both 'equality proof' and 'future proof' its remuneration arrangements.

- 1.6 The Independent Technical Advisor suggests there is evidence to support that, EastDunbartonshire Council's application of the Scottish Council's Job Evaluation Scheme and the revised pay and grading structure has been developed in accordance with the principles and best practice set out in the COSLA Job Evaluation Consortium's "Pay and Grading Guidance":

“Based on the data provided, and the work I have assisted with, I believe that the Revised Rank Order of Jobs has not had any significant effect on the integrity of the LGE Grading and pay structure; and that there is no evidence of gender bias in the evaluated outcomes of the ‘SOM’ structure. I believe that the Council has made considerable progress in addressing gender based pay inequality in terms of total remuneration; and that its transformation programme will continue to reduce gender pay gaps as will its preferred approach embedding the Living Wage in the LGE grading and pay structure.”

2. BACKGROUND

- 2.1 East Dunbartonshire Council introduced its unified grading and pay structure for employees within scope of the national agreement of the Scottish Joint Council for Local Government Employees in 2008 as part of its local implementation of the SJC 'Single Status' Agreement.
- 2.2 Thereafter, the Council initiated a major organisational transformation that resulted in the reconfiguration of team structures and roles to implement its new 'Strategic Operating Model' ('SOM') commencing in February 2009. EDLC employees were part of this transformation process prior to the establishment of the Trust.
- 2.3 In 2010 the Council's employees within scope of the national agreement of the SJNC for Craft Operatives were assimilated to the LGE grading and pay structure by local collective agreement following the evaluation of all craft jobs.
- 2.4 The majority of employees affected by the 'SOM' structure changes were matched-in to reconfigured posts with effect from January 2011; with 'indicative' grades being allocated to those posts pending their evaluation to facilitate the process of filling the posts through matching or selection (in accordance with established Council policy). EDLC employees transferred from the Council to the Trust in April 2011 with indicative grades.
- 2.5 It was agreed by Policy & Resources Committee that these 'indicative' grades would not be based on interim evaluations undertaken by the Job Analyst Team because of the workload and timescale that would involve, but rather would be set by the Corporate Management Team and the 'SOM' Governance Group with reference to:
- Revised organisational structures
 - The grading of superior, peer and subordinate posts
 - Business cases presented by members of the Corporate Management Team
- 2.6 The Job Evaluation Team subsequently completed the evaluation of all reconfigured posts resulting from the 'SOM' changes; and a revised Rank Order of Evaluated Jobs was agreed by the Joint Job Evaluation Steering Group in March 2016.

3. THE REVISED RANK ORDER OF JOBS

- 3.1 The original (2008) Rank Order of LGE Jobs contained 549 evaluations; and the 'SOM' Rank Order has 493 posts of which 101 were unaffected by the changes of the 'SOM' structure. EDLC has 40 posts in the rank order with 13 posts being affected by changes in the 'SOM' structure.
- 3.2 In designing the EDC LGE grading and pay structure for implementation in 2008 the joint JE Steering Group adopted the principles and best practice advice set out in the COSLA Job Evaluation Consortium's 'Pay and Grading Guidance' and identified:
- 'clusters' of jobs evaluated as having similar overall demands in terms of their total JE points score to be grouped into grades.
 - 'gaps' between those 'clusters' of jobs within which the boundaries between grades could be drawn.
- 3.3 Once the revised Rank Order of Evaluated Jobs was finalised it was therefore appropriate for the grade boundaries to be reviewed to determine whether or not they were still robust in terms of the 'clusters' of revised and unaffected evaluations and the placement of grade boundaries.
- 3.4 This analysis is based on a calculation of the 'gap' in JE points between adjacent evaluations in the rank order of jobs from highest scoring to lowest scoring; and the gaps are then ranked in order from widest to narrowest.
- 3.5 A best practice approach to determining the appropriate placing of grade boundaries utilises the widest gaps first as these are the clearest indications of a significant difference in job demand as represented by the JE point score.
- 3.6 The EOC Guidance on monitoring the results of job evaluation which was included as an appendix to the Consortium 'Pay and Grading Guidance' advises that consideration is Given to the gender of jobs in close proximity to grade boundaries, in particular:
- "Do the grade boundaries occur at natural breaks in the scores? If not, why not, and can it be justified without reference to either the gender of the jobholders or to the previous grading/pay structures? If there are no natural breaks in the job scores, can the points chosen for the grade boundaries be demonstrably justified, for example, by the even size of grades or some other systematic and non-discriminatory principle?"*
- And;
- "What, if any, is the gender dominance of the jobs falling immediately below and immediately above each grade boundary? If jobs immediately above a grade boundary are carried out predominantly by men and/or those immediately below the grade boundary are carried out predominantly by women, can the positioning of the boundary be justified without reference to either the gender of the relevant jobholders or to the previous pay/grading structure?"*
- 3.7 A review of the 'clusters and gap' and a 'gap' analysis was undertaken by the Council's technical adviser (who had been involved in the original grading design work), the HR

Services Lead with support from a Change Lead (who had also been involved in the original design work) in order to determine:

- whether the original grade boundaries were still within a reasonable gap in evaluated scores; or other gaps between clusters of evaluations would be more appropriate for the placement of revised grade boundaries
- whether the existing grade boundaries or any revision of grade boundaries had implications for gender dominated occupational groups within the revised Rank Order of Jobs – as highlighted by the EOC guidance.

4. REVISED GRADING STRUCTURE

4.1 In all but one case the existing grade boundary remains within a 'gap' between the 'clusters' of evaluations in the revised Rank Order – albeit, that the gap may be reduced or increased in size.

4.2 However, the Independent Technical Adviser recommended that there were places where it would be appropriate to adjust the grading structure in light of the revised Rank Order of Jobs, specifically:

- the lower boundary of Grade 4 should be lowered;
- Grade 10 appears anomalous as it is defined by a wider span of points than any other grade. During the original design process the Joint Group identifying the 'clusters' of jobs to form the new grading structure and the appropriate 'gaps' in which to place the new grade boundaries considered whether this cluster should be split into two separate grades. However, at that time it was considered that there were very clear step changes in job demand/remit between the Senior/Principal professional posts clustered in Grade 9, the Team Leader posts clustered in Grade 10 and the Service Manager posts clustered in Grade 11; and there was no obvious point in the Rank Order of Jobs at which to split the Team Leaders in Grade 10 into two discrete grades. In reviewing the grade boundaries in light of the revised Rank Order of Jobs it is apparent that these broad differentiations between the types of jobs clustered together in Grades 9, 10, and 11 continue to hold good for the 'SOM' structure;
- an upper boundary of Grade 12 should be set. Previously it was not essential to define an upper boundary for Grade 12. However, there are now jobs in the revised Rank Order that indicate significantly greater job demands than would be covered by Grade 12. Therefore, an upper boundary now needs to be defined for Grade 12 to provide the lower boundary for a new Grade 13;
- additional LGE Grades 13, 14 and 15 should be created;
- the upper boundary of Grade 15 to abut with the lower boundary of the lowest score applied to Chief Official posts which do not form part of the LGE population.

4.3 In addition to the recommendations relating to the SOM evaluation outcomes above, and as referred to in 1.5 and 1.6 above, to establish a sustainable “future proofed” grading structure, the Independent Technical Adviser also provided expert advice and recommendations on:

- embedding the Living Wage;
- revisions to the organisational context since 2013 including revised organisational structures and the establishment of the Health & Social Care Partnership.

4.4 These additional recommendations have also been incorporated into the revised grading model:

- current Grade 3 entry level(lower boundary) is increased to recognise the forthcoming increase to the Living Wage;
- using forecast increases in the level of the Living Wage extrapolated to 2020 results in pay scales for the lowest grades moving up the pay scales as the position of the minimum rate of pay/embedded Living Wage moves up the spinal column of pay points;
- the grading and pay structure should not be finalised until the SJC reaches agreement on the 2017-18 pay award as the format of the award may have implications for the options for embedding the Living Wage. In the absence of an SJC Agreement the Council will continue to apply its current policy of using the Living Wage as a minimum which is both pensionable and applied for all pay purposes in line with Scottish Government public sector pay policy, with necessary adjustments (if any) applied following the SJC pay settlement. Within Council’s current Scheme of Delegation, the Depute Chief Executive – Education, People & Business has ongoing delegated authority to make necessary adjustments to Pay & Grading to implement the outcomes of national negotiations;

- 4.5 The revised Grading & Pay structure will be implemented with effect from 14 July 2017, as illustrated below:

Revised EDC Grades	Revised Score		Revised Scale	
	Grade Score Min	Grade Score Max	Grade SCP Min	Grade SCP Max
3	228	257	18	21
4	258	294	22	30
5	295	347	32	40
6	348	390	41	51
7	391	438	52	62
8	439	485	63	73
9	486	537	75	83
10	538	610	84	92
11	611	660	93	99
12	661	692	102	106
13	693	724	107	113
14	725	756	114	120
15	757	788	121	127
16	789	820	128	134
17	821	852	135	141

- 4.6 The Independent Technical Adviser has made a number of recommendations which officers will progress to support the Council's on-going commitment to its Equal Pay Policy Statement. This work will focus on further gender pay gap analysis, as recommended by the EHRC which states *"collecting and comparing pay data to identify any significant equal pay gaps"*.
- 4.7 The Independent Technical Adviser has recognised the positive impact the Transformation Programme (e.g. service review processes resulting in adjustments to working patterns of predominantly traditional male roles and therefore reducing access to premia additional payments) has had on reducing the gender pay gap. It has also been noted that the Council will continue to review service delivery models and that options will incorporate gender pay gap analysis and EIA outcomes.

5. FINANCIAL IMPLICATIONS

- 5.1 Application of the SOM job evaluation outcomes has an indicative retrospective cost of **c. £2,068m** for the Council with EDLC proportion of the cost **£232,500**. As discussed and agreed with the trades unions, retrospective payments will be made to employees (where appropriate) in May 2017. This will be funded from allocated contingencies including the earmarked element of the General Fund.
- 5.2 The effect of the revised Grading & Pay structure has to be met within the existing EDLC budget and has been incorporated within the EDLC 2017/18 Budget baseline, with an indicative net cost increase of **c. £375,500** of total pay costs, subject to final verification.

6. RECOMMENDATIONS

6.1 It is recommended that the Board:-

- a) Notes the details provided on the SOM job evaluation outcome and Pay and Grading model.
- b) Approve the implementation of the SOM job evaluation and Pay and Grading outcomes for EDLC employees.