

	<h2>General Functions Committee</h2> <h3>21 March 2016</h3>
<p style="text-align: right;">Title</p>	<p>Unified Reward</p>
<p>Report of</p>	<p>Andrew Travers – Chief Executive and Head of Paid Service Graeme Lennon - HR Director</p>
<p>Wards</p>	<p>Not Applicable</p>
<p>Status</p>	<p>Public</p>
<p>Urgent</p>	<p>No</p>
<p>Key</p>	<p>No</p>
<p>Enclosures</p>	<p>Appendix A – Equality Impact Assessment (EIA)</p>
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Summary

This report makes proposals to review the pay, grading and terms and conditions of council staff and staff in community schools, looking to make the pay and reward system simpler, fairer and more flexible, while rewarding performance.

The intended purpose of the review is to ensure the Council's employment arrangements are fit for purpose in a changing operating environment. These include consideration of the wider market of public (and private) sector employment and changing expectations in areas like employee flexibility and career development; changing patterns of supply and demand which mean that skills shortages in certain technical and professional roles are increasingly evident, even within the current contracting local authority market; and pressure on the Council to continually reduce its costs which require a re-evaluation of employment practice to ensure that spending is focussed on areas of current and future need.

The overall outcome that is sought is for the Council to be an employer of the best possible staff. The approach includes an emphasis on a performance culture; career development and the retention of accumulated knowledge and experience; an expectation of excellent

staff attendance; supporting staff in their personal health and wellbeing; and supporting staff in achieving the right balance between their working life and other commitments.

Extensive research shows that individuals are attracted, retained and engaged by a range of both financial and non-financial rewards so there is a need to have a coherent link between pay, reward and the overall approach to engagement and attraction in order to deliver the best outcome for the Council. The intention is to maximise productivity and efficiency within finite resources.

The Chief Executive and HR Director undertook consultations between the 8th February 2016 and 8th March 2016, the results of which are attached at table 1 below.

If agreed, the proposals would affect more than 20 employees and therefore requires approval by the General Functions Committee.

The implementation date for these changes is 1 October 2016 for Council staff and 1st April 2017 for School based staff. The schools implementation date was specifically requested by Head Teachers taking in to regard significant changes that take place across school at the beginning of the Autumn term and to coincide with the beginning of a new financial year.

It is believed that agreement to the proposals in this paper will strengthen the Council's position as an employer of choice, at the same time as building on its strong performance management orientation and intention to reward good performance.

Recommendations

1. It is recommended that the General Functions Committee AGREE:

- a) that a review of the Staff Annual Performance Appraisal Scheme be undertaken to ensure that it remains fit for purpose and this is delegated to the HR Director to complete (paragraph 6.3.2.1)**
- b) that the Council continues to invest in its future managers through appropriate management development programmes (paragraph 6.3.2.1);**
- c) that voluntary health screening should now be offered to all staff over 45, specifically to cover checks that are not available as part of the nationally available NHS check (paragraph 6.3.3.2) with effect from 1st April 2017. Voluntary health screening for employees under 45 will be considered as part of the employee benefits scheme outlined below at t);**
- d) that the Council continues to offer an Employee Assistance Programme (EAP) to all staff (paragraph 6.3.3.2);**
- e) that the Council implements the revised pay structure outlined in paragraph 6.3.2.3 and that Council staff transfer to the revised pay structure from 1st October 2016 and Community School staff transfer to the revised pay structure from 1st April 2017;**

- f) that employees are assimilated into the appropriate grade for their job on the following basis. Employees currently paid below the proposed grade minimum will be assimilated to the proposed grade minimum. Employees currently paid above the proposed grade maximum will be assimilated to the proposed grade maximum (and will receive pay protection for 12 months). Employees currently paid between the proposed grade minimum and maximum will retain their current salary as at the date of implementation.**
- g) that senior managers retain their delegated authority to within the Council's appointment policy to appoint employees at a salary within the appropriate grade for the job to reflect local conditions and circumstances.**
- h) that the Council moves across to a system where future pay progression is based on performance for all staff below Grade M, as described in paragraph 6.3.2.4 to be determined by the supervisor based on the annual appraisal dependent on a performance rating outlined in table 2 below applicable to all Council staff with effect from 1st October 2016 and Community School staff from 1st April 2017 that the operation of the scheme be delegated to the Chief Operating Officer and HR Director;**
- i) that two schemes be developed to enable the Council to consider salary supplements for hard-to-fill posts and that the development and operation of any such scheme be delegated to the Chief Operating Officer, in consultation with the HR Director, with an annual information report agreed by the General Functions Committee (paragraph 6.3.2.5);**
- j) that the existing market factor supplements as agreed by General Functions Committee on 23rd June 2015, continue for the period 1st April 2016 – 30th September 2016 (paragraph 6.3.2.5);**
- k) that consideration be given to developing a performance related pay (PrP) Scheme for those staff assessed for two consecutive years as outstanding through the annual appraisal scheme and that this is trialled unfunded for the next 2 years with potential introduction from 2018/19 subject to member agreement and funding being available. Should the proposal be agreed the Chief Executive will bring a report will be brought to a future meeting of the Committee when the proposal has been further developed. The scheme should recognise individual competence as well as team contribution to delivering Council priorities paragraph 6.3.2.5.**
- l) that pay protection be time limited to 12 months following the introduction of Unified Rewards but following this 6 months for pay protection becomes the normal arrangement for all staff. Post unified rewards there will be a degree of managerial discretion regarding the period of pay protection to take into consideration individual circumstances to be appropriately considered in exceptional circumstances. The definition of exceptional circumstance and the implementation of pay protection beyond 6 months should be delegated to the Chief Operating Officer in consultation with the HR Director (paragraph 6.3.2.7);**

- m) that retainer pay be removed for all Council staff with effect from 1st October 2016 and on the 1st April 2017 for Community School staff. It is proposed that quality pay be removed for all staff with effect from 1st October 2016 (paragraph 6.3.2.8);**
- n) that revised voluntary overtime rates outlined in paragraph 6.3.2.8 are introduced from 1st October 2016 for Council staff and 1st April 2017 for Community School staff;**
- o) that contractual overtime will cease from the 1st October 2016 except in a small number of cases where there are specific health and safety reasons why this needs to remain (paragraph 6.3.2.8).**
- p) that all additional discretionary payment mechanisms (ad hoc/discretionary payments, market factor supplements) be removed with effect from 1st October 2016 (paragraph 6.3.2.8).**
- q) that a new Absence Management Code of Practice that reduces the sickness trigger levels be developed by the HR Director. From the current short-term absence triggers (10 days or 4 periods of within any 12 month period) is changed to 8 days absence or after the second occasion of sickness absence within any rolling 12 month period. Salary reductions would be imposed on those staff with unsatisfactory absence of 1 days' pay at the first trigger, 2 days' pay at the second trigger and 3 days pay at the third trigger. The revised scheme be introduced on 1st October 2016 for Council staff and 1st April 2017 for School based staff but that any pay deduction are deferred for 12 months from implementation as described in paragraph 6.3.2.10;**
- r) that all staff move to 30 days annual leave and that staff currently receiving more than 30 days annual leave per annum are protected at 31 days per annum for a period of 12 months. The revised arrangements are to be introduced with effect from 1st April 2017(paragraph 6.3.2.9);**
- s) that the Council will apply a single criteria of 2,500 miles per annum for eligibility for an essential car user allowance and remove the allowance for those not meeting the required criteria with effect from 1st April 2017(paragraph 6.3.2.11);**
- t) that the Council investigate the provision of a comprehensive employee benefits scheme subject to the conditions outlined in paragraph 38, to be introduced with effect from 1st July 2016 (paragraph 6.3.2.12).**
- u) to authorise the Chief Executive and HR Director to implement these proposals on the basis of either reaching a collective agreement with the relevant trade unions. If the Council does not reach a Collective Agreement then it would be asking staff individually to agree to the terms of their new contract with new pay, grading and terms and conditions. Should neither collective agreement nor individual agreement of the new contract be forthcoming then proceed to dismiss staff and immediately offer to re-engage them on the new contract. As outlined in paragraph 4 of this report and mitigations outlined in the Equalities Impact Assessment appended to this report at Appendix A.**

Alternatives Considered

These recommendations have been subject to consultation and amended as set out in the report, below.

To continue with the existing arrangements would result in the retention of the current systems, without the benefit indicated and improvements to the intention to strengthen the commissioning functions of the Council.

1. WHY THIS REPORT IS NEEDED

- 1.1 The report concerns the proposed changes to the pay, grading and terms and conditions of council staff and staff in community schools. The report is presented as these matters are within the terms of reference of the General Functions Committee.
- 1.2 The unified reward project was initiated by Remuneration Committee in September 2012 with the aim of reviewing the Council Pay, grading and associated terms and conditions of employment.
- 1.3 As part of the project more than 600 roles have been evaluated covering more than 5,000 staff in both the Council and Community schools. During October 2015 to January 2016 negotiations took place between the Council and trade Unions which resulted in agreement to consult with staff regarding the package of proposals outlined in this Committee report.
- 1.4 In summary, the package includes:
 - Making changes to the Council's pay structure, including uplifting the basic rates of pay to the market average:
 - 12 new grades to replace the current structure of over 300 grades
 - each grade to have a range of pay to allow for employee progression
 - base value for most pay grades has increased to match the market average
 - more than 90% of staff will receive the same or higher rates of basic pay.
 - Removal of automatic grade increments. This means future pay progression will be based on performance, encouraging a high performance culture with percentage increases based on employee performance review rating.
 - Consolidation of both the London Weighting and Barnet Living Wage into base pay, making the system easier to understand.
 - Pay will be according to the number of weeks per year employees are required to work with term time only workers having their pay pro-rated based on the actual number of weeks per year they work

- Pay protection for those employees who are negatively impacted by Unified Reward grading changes to be 12 months meaning that pay for Council staff will be protected until October 2017 and until April 2018 for Community School based staff. Thereafter, six month pay protection will be the normal practice.
- Simplifying and reducing overtime and bank holiday payments for staff paid below £26,277:
 - Overtime in excess of 36 hours to be paid at 1.25 (currently x 1.5)
 - Overtime 'out of hours' at 1.5 (10pm - 6am) (currently x 2)
 - Bank holiday work at 2.0 or a day off in lieu (Currently x 2 plus a day off in lieu).
- Additional Payments. All additional payments (contractual or discretionary) removed (includes adhoc/discretionary payments, honoraria and responsibility payments).
- All retainer and quality pay payments will be removed.
- Occupational sick pay triggers
 - New absence management policy to manage high levels of sickness absence aimed at reducing sickness levels to the lowest in the public sector.
 - Tougher sickness triggers with financial penalties to be introduced from 1 October 2016 for more than 3 absences or over 8 days absence in total, and increasing with subsequent absences; with the deductions potentially taking effect in 2017.
- Essential Car Allowance. A single new criterion of 2,500 miles per annum applied before essential car status applied.
- Annual leave. Simplifying the annual leave system to set at 30 days per annum for all employees, to enable recruitment and retention of key parts of the workforce such as social care. Employees currently receiving over 30 days to be reduced to 31 for leave year 2017/18. Thereafter all staff will receive 30 days annual leave.
- Recruitment and Retention. Putting in place two new schemes providing a maximum of 10% additional pay per scheme, replacing current Market Factor Supplement payments.
- Introduction of voluntary health checks. Making the most of our accreditation under the Healthy Workplace Charter to offer opportunities to improve health and wellbeing
- Introduction of a market leading employee benefits package at no overall cost to the Council which includes a range of benefits for staff who work at the Council.

2. REASONS FOR RECOMMENDATIONS

- 2.1 The recommendations in this report are designed to strengthen the Council's the pay, grading and terms and conditions of council staff and staff in Community schools for the reasons set out in the below.

3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

- 3.1 The development of the proposals included a 30 day consultation with staff to explore the proposals.
- 3.2 As part of the consultation and engagement process staff suggested several alternative options and these are listed below
- removing the idea of pay deductions when sickness triggers reached
 - changing the proposal on 52 week staff in Community schools so that the status quo was retained
 - increasing the amount of annual leave for all staff up to 36 days
 - deleting the proposal to change the criteria for essential car user allowance
 - increasing the period of pay protection to 2 years
 - removing any changes to overtime payments
- 3.3. All of these proposals were considered by officers and retaining the existing arrangements would result in the retention of the current systems, without the benefit indicated and improvements to the intention to strengthen the functions of the Council.

4. POST DECISION IMPLEMENTATION

- 4.1 Senior Officers from the Council have been involved in constructive negotiations with unions on the pay, grading and terms and conditions of council staff and staff in community schools since October 2015. This has included regular meetings with representatives from the formally recognised trade unions (Unison and GMB). In January 2016 the Council reached an agreement to consult with staff on the proposals outlined in this report. At the point this paper was finalised, the trade unions had yet to complete their consultation with their members and it is intended to update members verbally at the committee meeting.
- 4.2 Although the Council remains fully committed to further negotiations in order to achieve a Collective Agreement, because of the timetable for the implementation of these arrangements, it could be necessary to issue a statutory notice to the Secretary of State for Business, Innovation and Skills regarding the potential dismissals, as required by Section 193 of the Trade Union and Labour Relations (Consolidation) Act 1992 and letters under Section 188 of the Act to the unions to ensure that statutory requirements for consultation are met. If the Council does not reach a Collective Agreement then it would be asking staff individually to agree to the terms of their new contract with new pay, grading and terms and conditions. Should neither collective agreement nor individual agreement of the new contract be

forthcoming then it may have no option but to dismiss staff and immediately offer to re-engage them on the new contract. Before the Council gets to that point there would be extensive engagement with all staff on an individual basis. All of this will be irrelevant if a Collective Agreement is reached. Officers are still working towards a Collective Agreement with trade unions and it is the Council's aim and hope that this will be achieved. Clearly there could be sensitivities associated with the issuing of the statutory notices described. However, the rationale for this has been explained to the trade unions and negotiations continue to be constructive.

- 4.3 Should the committee approve the proposal the implementation date for these changes will be 1st October 2016 for Council staff and 1st April 2017 for Community School staff.

5. IMPLICATIONS OF DECISION

5.1 Corporate Priorities and Performance

- 5.1.1 The report concerns all functions of the Council.

5.2 Resources (Finance & Value for Money, Procurement, Staffing, IT, Property, Sustainability)

- 5.2.1 Financial modelling has been undertaken based on all posts that are currently filled; it compares costs under the current pay structure with costs of new roles based on assumptions of changes to additional pay. The assumptions used in the model are:

- Turnover of staff assumed at 12% per annum;
- New employees appointed at grade mid-point as opposed to grade minimum;
- Current base pay costs increasing by 0.5% per annum
- No savings on travel in the first year as the new criteria won't apply until 1 April 2017;
- Pay protection for one year;
- Specific market factor supplements in place in social care.

- 5.2.2 In the year of implementation the current cost for the Council is £37m and for schools the cost is £22.9m. With unified reward the costs for the Council will be £36.5m resulting in a savings of £0.5m and for the schools it will be £23.6m resulting in a pressure of £0.6m. The overall impact will be cost neutral. The projection over 5 years shows that the Council will achieve a saving of £0.5m p.a. and the schools will have a pressure of £0.3m p.a.

The overall impact for the Unified Reward has been modelled over five years. Across both the Council and schools there is a cost neutral position. For the Council this a saving of £0.5m p.a. by year five is projected, but as the project goes through the moderation / appeals phase this may reduce and the projection is that it will result in a cost neutral position.

- 5.2.3 The changes also impact schools and discussions with community schools over the steps that can be taken to mitigate the cost in the year of the scheme are taking place. Conversations will also be taking place with VA schools who may want to make similar changes to remain in line with the Council's terms and conditions.

Following the General Functions Committee meeting, we will complete moderation and appeals along with discussions with the schools. Whilst overall protection costs can be absorbed within the five year financial model, if this presents an in year challenge, we will report the position and make recommendations to Policy and Resources in July 2016 as part of the budget process.

The implementation of this project will involve significant changes to individual's contracts of employment leading up to 1st April 2017 including the issuing of more than 5,000 letters and new contracts of employment, reconfiguration of the Council's HR/Payroll systems to program changes in the pay, grading and terms and conditions of employment, handling the job evaluation appeals/re-evaluation mechanisms together with managing queries and concerns from staff affected by the changes and on-going communications updates. If agreed this project will need to be fully staffed over a period of 15 months to ensure that implementation is effective and timely to this extent it is resource intensive and needs dedicated team both internally and externally. The cost of implementation is a maximum £624,000 for the next phase, funded from the Transformation Reserve.

5.3 **Social Value**

Not applicable in the context of this report.

5.4 **Legal and Constitutional References**

- 5.4.1 In accordance with [Appendix A to the Responsibility for Functions section of Barnet Council's Constitution](#) the General Functions Committee has responsibility for staff matters (i.e. salaries and conditions of service) other than those within the remit of Chief Officer Appointment Panel.
- 5.4.2 The Committee is also responsible for taking account of the Reward and Employment strategies of the Council with a view to ensuring that it is fully briefed on the prevailing organisational approach. In accordance with its terms of reference, the Committee must keep under review the terms and conditions as they relate to pay for all Council employees and where changes have a significant impact on the Pension Fund and/or Council budget, those decisions will also be subject to agreement by the Pension Fund Committee and/or Policy and Resources Committee.
- 5.4.3 The Committee takes account of forward plans and the impact of remuneration on workforce planning, talent management and succession planning. In doing so it reviews remuneration arising from performance management and ensures that any performance-related pay mechanisms are fair and transparent.

5.4.4 In accordance with the [HR Regulations in the Constitution](#) where terms and conditions of employment are to be introduced (this excludes compliance with statutory requirements) or replaced (this means a new term or condition) arising from an organisational restructure, the restructure will be considered to have major implications and a report must be submitted to General Functions Committee for approval.

5.4.5 The general rule is that changes cannot be made to contracts of employment except by agreement. However, the existing staff contracts of employment allow for changes to be made by way of collective agreement. This means that if an agreement can be reached with the unions the changes will automatically apply to all staff (not just trade union members). If agreement cannot be reached through this mechanism then individual agreement has to be sought.

5.4.6 Where employees refuse to expressly agree to a change, the employer's best option is likely to be terminating the existing contract and offering continued employment on the new terms. Provided that the employer has served due contractual notice on the employee it will not be liable for a wrongful dismissal claim. As long as the employer has a sound business reason for dismissing an employee who refuses to accept a change in terms, it should be able to establish that the dismissal is a potentially fair one for some other substantial reason. This does not have to be a reason that an employment tribunal considers sound, but one which a reasonable employer would consider sound. Tribunals are not allowed to substitute their own opinion for that of the employer on the question of whether the change is advantageous to the employer's business.

5.4.7 In accordance with section 188 of Trade Union and Labour Relations (Consolidation) Act 1992 (TULRCA), which implements the European Collective Redundancies Directive (Directive 98/59) (the Directive) the Council must consult on its proposal with representatives of the affected employees and also notify BIS.

5.5 Risk Management

5.5.1 Risks associated with the restructure have been logged using the risk management procedure as part of the Corporate Risk Management Framework. In summary the key risks are as follows:

Risk	Mitigation
If policies, procedures and protocols are not updated to reflect the new structure and operating arrangements then service delivery will be affected.	Project to facilitate the updating of policies and procedures.
If the changes are not setup properly on HR Core then this will cause delays to billing and payroll processes.	Work to be prioritised by Project Lead working closely with HR. Early agreement on requirements and timescales.

<p>If staff leave ahead of changes (particularly in areas detrimentally affected by the changes) then this could result in instability.</p>	<p>Contingency plans to be in place to ensure that required agency staff can be mobilised very quickly if they are needed.</p>
<p>The proposals have been designed to have no impact on resident and service users, however, there is a possibility that they might impact residents and/or service users in an unforeseen way or ways.</p> <p>If such impacts are identified prior to implementation then the implementation may be challenged and delayed or cancelled.</p> <p>If such impacts occur after implementation then the council's reputation may be impacted.</p>	<p>Record as impact not known on EIA.</p> <p>Undertake to monitor satisfaction rates and be ready to take action in the event of reduction.</p>

5.6 Equalities and Diversity

5.6.1 The 2010 Equality Act outlines the provisions of the Public Sector Equalities Duty which requires Public Bodies to have due regard to the need to:

- eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Equality Act 2010
- advance equality of opportunity between people from different groups
- foster good relations between people from different groups

5.6.2 The Public Sector Equality Duty also requires decision makers to have due regard to equalities when making their decisions. No equalities impact is anticipated for service users or residents as a result of these proposals. A detailed Equalities Impact Assessment was undertaken in respect of staff and this is attached at Appendix A to this report. The EIA is currently showing an overall positive impact for staff and it details any negative impacts for particular protected characteristics as a result of particular aspects of the proposals together with any proposed mitigations to avoid and/ or reduce any negative impacts. The EIA will be updated as proposals are implemented.

5.6.3 The broad purpose of this duty is to integrate considerations of equality into day business and keep them under review in decision making, the design of policies and the delivery of services (A full EIA is attached as Appendix A).

5.6.4 A detailed Equality Impact Assessment was undertaken in respect of staff. This identified that the proposals have been designed to improve the overall reward package offered to employees at the council and contains the following features:

- Base rates of pay have been moved closer to market median pay from a position of around lower quartile - for the vast majority of employees (93%) this will mean their base pay will remain the same or increase

- The Council continues its commitment to pay a fair day's pay for a fair day's work by consolidating the Barnet Living Wage rate into the first grade meaning employees will no longer require a pay supplement to reach this level
- Annual leave has been increased to 30 days per annum and for the vast majority of employees (92%) this will mean an increase in entitlement from the current arrangements
- Employees detrimentally affected by a reduction in salary will receive 12 months' pay protection
- Local Government Occupational sick pay scheme retained - up to six months full pay and six months half pay (depending on length of service)
- Other terms and conditions have been harmonised to ensure a consistent and fairer approach across the whole Council

5.7 Consultation and Engagement

5.7.1 An open consultation was launched for a 30 day period on 8th February 2016. The Trade Unions were informed and invited to all of consultation events. A total of 29 meetings were held and almost 1,000 staff attended. There was good engagement across all areas and senior managers have considered the points of view raised and have considered these in relation to the final proposals.

5.7.2 Staff across the Council and Community Schools were encouraged to comment and put forward ideas to improve the proposals or alternative proposals. A variety of ways were made available for people to put these forward or to ask questions. The Council also used voting technology as a way in which staff could feedback at consultation sessions the results of these consultation questions are listed below:

Table 1

Question	Positive Response	Negative Response
Do you agree that moving from 300 to 19 grades is simpler and more transparent for staff?	70%	30%
Do you agree that moving base pay from amongst the lowest paid local authorities upwards is a good idea?	90%	10%
Do you agree that linking pay increases, within the grade, to performance is fair?	53%	47%
Do you agree that if someone achieves an 'outstanding' performance review they should receive the highest pay increase?	70%	30%
Do you agree protecting pay for 12 months for all staff negatively impacted by Unified Reward is reasonable?	82%	18%
Do you agree that 30 days annual leave is a good offer for all staff?	66%	34%
Do you agree with our proposals to manage sickness whilst protecting those with long term sickness or disabilities?	45%	55%

Question	Positive Response	Negative Response
Do you agree that an employee should be paid based on the actual number of weeks they work?	57%	43%
Do you agree with the voluntary overtime payments of x1.25 and x1.5?	67%	33%
Do you agree that overtime should only be paid where there is a business need for additional work?	78%	22%
Do you think it is fair that council essential car user allowance is reserved for those travelling a minimum of 2,500 (11 miles per day) per year?	56%	44%
Do you agree with the council's need to introduce two schemes to attract and retain staff to key areas of the business?	71%	29%

5.7.3 In addition to the consultation questions above there were over 100 questions and comments raised, the majority of these were regarding how the proposals would be implemented and that the Council should have clear guidelines and management training in operating both the pay progression and revised sickness triggers levels.

On the sickness absence proposals, concerns were raised about the fairness of implementation across the organisation. To overcome this we will be introduce clear procedures and policies as well as training for managers on effective management of sickness absence to ensure that, where necessary, effective managerial discretion is used on a case by case basis.

Whilst concerns were raised over the revised sickness proposals the fact that Barnet employees have in excess of 10 days absence per year on average compared to the public sector average of 6.5 days suggests that the proposals are proportionate and necessary.

Concerns about the potential for unfairness in the application of the performance management process so we are running sessions for managers over the next few months on how to carry out meaningful performance reviews. Over the coming months we will focus on developing a comprehensive moderation framework, prior to the introduction of performance-related pay, to ensure fairness and consistency for all. In Community Schools the main negative comment related to approximately 380 Teaching Assistant out of a total of over 1,000 working term time only but being paid for 52 weeks. Under the proposals these staff will reduce from 52 paid weeks to the weeks they actually work. The Council believes that it is fair and equitable to introduce this change. Given the overall feedback is positive it is not proposed to amend any of the changes outlined in paragraph 6 below.

5.7.4 Consideration was given to extending the consultation period to allow more time for individuals who may be affected to consider the impact on them. No employee requested additional time, and the general consensus was to progress with the proposals swiftly to ensure a continued focus on service

commissioning plans, financial planning and delivery and continued improvements to delivery and commissioning functions.

5.8 **Insight**

5.8.1 Insight data is not applicable in the context of this report.

6. **DETAIL**

6.1 THE COUNCIL'S APPROACH TO UNIFIED REWARDS

Although the Council's current arrangements have been fit for purpose, for the following reasons a review is necessary at this time:

- (a) The Council operates within a wider market of public (and private) sector employment and changing expectations in areas like employee flexibility and career development require a response from Barnet Council that ensures we remain an attractive and competitive employer;
- (b) the changing patterns of supply and demand mean that skill shortages in specific areas, especially certain technical and professional roles, are increasingly emerging even within the current contracting local authority market; and
- (c) pressure on the Council to continuously reduce its costs requires a re-evaluation of employment practice to ensure that spending is focussed on areas of current and future (rather than historic) need.

6.2 THE BARNET APPROACH

It is equally important to be clear on the outcome that is sought for the Council as an employer of the best possible staff. Desired outcomes include –

- (a) a performance culture in which the best possible outcomes are achieved at the lowest possible cost;
- (b) pay progression based on achieving high levels of performance and outcomes for residents;
- (c) an organisation where outstanding performance is encouraged, recognised and rewarded;
- (d) a long-term commitment to high quality staff, which places particular emphasis on accumulated knowledge and experience;
- (e) career development and retention of staff to maintain a high performing organisation;
- (f) a pay and rewards scheme which is at the median of the public sector marketplace;

- (g) an expectation of excellent attendance from all staff;
- (h) supporting staff in their personal health and wellbeing; and
- (i) supporting staff in achieving the right balance between working life and their other commitments.

6.3 UNIFIED REWARDS STRATEGY

6.3.1 The Council sets itself high standards, the achievements of which are dependent upon the dedication, motivation and quality of its staff. The Unified rewards strategy aims to inspire and support staff to continue to make Barnet Council a great place in which to work - a place where all staff:

- (a) feel proud about working for Barnet Council;
- (b) achieve their full potential;
- (c) treat customers as they would like to be treated themselves;
- (d) feel equipped and rewarded for what they do; and
- (e) are encouraged to offer creativity and improvement to the services with which they are involved.

6.3.2 The Unified rewards strategy should have as a constant theme that there should be consistency, fairness and equity across all staff groups. These should be guiding principles of the strategy and it is proposed that this includes –

6.3.2.1 (a) Career and Personal Development

The Council already has a single annual appraisal that reviews staff performance over the previous year. It is therefore proposed to review and revise the appraisal scheme to ensure that it remains fit for purpose.

The Council already has specific “Leadership and Management, Development programmes for its staff. It is proposed that the Council invests in an “Aspiring Manager” development programme that gives all of those aspiring to management positions or already in management positions the opportunity to develop in their role. It is proposed that the Council continues to invest in its future managers through appropriate programmes so that, when openings occur, it has ready-made talent available and skilled to fill most positions.

6.3.2.2 (b) Health, Wellbeing and Work Life Balance

The Council is committed to the health and wellbeing of its entire staff. There are strong links between good health and motivated staff, and enhanced work productivity and effectiveness. It is proposed to offer voluntary health screens annually to those aged 50 and over and every other year to those aged between 45 and 50. It is proposed that this voluntary health screen, specifically to cover checks that are not available as part of the nationally available NHS check.

In addition to health screens it is proposed that the Council continue to offer an Employee Assistance Programme (EAP) to all staff. EAPs offer employees free, confidential and independent support to help them balance their work, family and personal lives. By supporting employees through the provision of an EAP, the Council saves time and money, protects itself against stress litigation and gains a better understanding of the issues impacting on their employees.

6.3.2.3 (c) Pay

The Council needs a reward package that attracts and retains high calibre staff and rewards them for the contribution they make. In addition it needs a single, fair and modern pay structure that links pay progression to performance that is benchmarked at the median of the public sector.

During the planning for Unified Reward, the council realised that its base pay was at the lowest quartile in relation to the London public and not for profit sector and other comparable organisations. We have therefore taken this opportunity to align the revised pay structure to the median quartile within the London public and not for profit sector as well as incorporating the current outer London salary weighting in to base pay. The Council currently has over 300 different grades and it is proposed to align these to the 12 grades outlined in table 2 below. As a principal to tackle low pay within the workforce it is proposed to embed the Barnet Living wage as the minimum salary point within the proposed revised pay and grading structure as outlined below in table 2.

Table 2 - Revised Pay and grading structure

Grade	Grade Minimum	Grade Maximum
Grade A	£17,334*	£18,045
Grade B	£18,045	£18,783
Grade C	£18,381	£20,193
Grade D	£19,524	£21,552
Grade E	£20,856	£23,334
Grade F	£23,334	£26,277
Grade G	£26,277	£29,727
Grade H	£28,935	£31,986
Grade I	£31,986	£35,655
Grade J	£36,558	£41,073
Grade K	£43,869	£48,475
Grade L	£49,451	£55,384

Note: the figures in the table above relate to 2015/16 salaries and will be increased in accordance with the national settlement negotiated by the National Employers with effect from 1 April 2016.

* All employees will be paid a minimum salary rate of £9.40 per hour (£17,644 p.a. for a full time employee working 36 hours per week) as from 1 April 2016.

Although National negotiations have not been concluded yet it is anticipated that the Grade A minimum will increase to around the value of £9.40 per hour.

Employees will be assimilated to the grade for their job based on a tried and tested assimilation method. Under the proposals employees currently paid below the proposed grade minimum will be assimilated to the proposed grade minimum. Employees currently paid above the proposed grade maximum will be assimilated to the proposed grade maximum (and will receive pay protection for 12 months). Employees currently paid between the proposed grade minimum and maximum will retain their current salary as at the date of implementation.

Currently managers have discretion to appoint employees between the grade minimum and maximum if there are objectively justifiable reasons for doing. It is recommended that this practice continues as it will allow managers to be flexible to respond to local situations and circumstances.

6.3.2.4 (d) Pay Progression

In addition to the nationally agreed cost of living pay awards, it is proposed that the system be amended for all staff below Chief Officer level to ensure that future pay progression is based on performance using a performance rating as indicated below. Progression-related increments have been Council policy for Chief Officers since 2012. It is proposed that in future staff will normally be appointed at the minimum of the grade with annual progression up to the maximum of the grade to be determined by the manager/supervisor based on the annual appraisal - being dependent on a performance rating of:

Table 3 – Pay progression criteria

Development needs (0% of salary consolidated)
Satisfactory (0.5% of salary consolidated)
Good (2.25% of salary consolidated)
Outstanding (3% of salary consolidated)

6.3.2.5 (e) Recruitment and Retention

There are recruitment and retention issues for some groups of staff where there are comparators with the private sector or national shortages. It is proposed to replace the existing market factor supplements agreed by General Functions Committee on 23rd June 2015 with one scheme covering recruitment and one scheme covering retention each attracting a maximum of 10% of basis salary for the post. Additionally it is proposed to continue with the market factor supplements as agreed by General Functions Committee on 23rd June 2015, for the period 1st April 2016 – 30th September 2016.

Where a recruitment or retention supplement is warranted these need to be evidenced and monitored consistently to ensure they remain relevant. It is proposed that the development and operation of a recruitment and retention schemes be agreed by the General Functions Committee.

These proposals aim to strike the right balance, in difficult circumstance, between ensuring the Council remains an attractive and competitive employer of the most talented staff and controlling the Council's costs.

6.3.2.6 (f) Performance Related Pay

It is further proposed that consideration be given to developing a performance related pay (PrP) Scheme for those staff assessed for two consecutive years as outstanding through the annual appraisal scheme and that this is trialled unfunded for the next 2 years with potential introduction from 2018/19 subject to member agreement and funding being available. Should the proposal be agreed a report will be brought to a future Committee when the proposal has been further developed. Feedback from staff as part of the consultation process highlighted that any scheme should recognise individual competence as well as team contribution to delivering Council priorities.

6.3.2.7 (g) Pay Protection

Around 15 individuals are currently covered by a pay protection arrangement whereby a person who is redeployed to a lower graded post, has their pay protected for a period between contractual notice and 12 months. Research across the public sector supports a time-limited to a period between 6 months and 4 years. It is proposed that pay protection be time limit to 12 months following the introduction of Unified Rewards but following this 6 months for pay protection becomes the normal arrangement for all staff. Post unified rewards there will be a degree of managerial discretion regarding the period of pay protection to take into consideration individual circumstances. The definition of exceptional circumstance and the implementation of pay protection beyond 6 months should be delegated to the Chief Operating Officer in consultation with the HR Director.

6.3.2.8 (h) Quality, Retainer, Overtime and Enhanced rates of pay

The Council currently has a multitude of additions to basic pay, overtime and enhanced rates of pay as part of the unified reward project we have rationalised these so that they reflect a modern way of working. Making the system easier to understand, fair and transparent.

It is proposed that the standard full time working week for all Council staff will remain at 36 hours per week, Monday to Friday with normal working day hours will be 6am to 10pm at which plain time is paid. The proposed voluntary overtime rates are outlined in table 4 below. Contractual overtime will cease from the 1st October 2016 except in a small number of cases where there are specific health and safety reasons why this needs to remain. In addition it is proposed to remove all additional discretionary payment mechanisms (ad hoc/discretionary payments, market factor supplements) with effect from 1st October 2016.

Table 4

Overtime Type	Proposed Rate	Current Rate
Saturday & Sunday rate	x 1.25/1.5	x 1.5/2
In excess of 36 hours per week	x 1.25	x 1.5

Overtime Type	Proposed Rate	Current Rate
Out of Hours (22:00-6:00)	x 1.5	X 1.833
Bank Holiday	x 2.0 or Day off in Lieu	X 2 & Day off in Lieu

There are a number of staff mainly in schools whereby they work term time but are paid as though they are full time 52 week workers. It is also proposed to amend the pay system so that all staff are paid in relation to the weeks that they work. The proposed implementation dates for these changes are 1st October 2016 for Council staff and 1st April 2017 for Community School based staff.

It is proposed that retainer pay be removed for all Council staff with effect from 1st October 2016 and on the 1st April 2017 for School based staff. It is proposed that quality pay be removed for all staff with effect from 1st October 2016.

6.3.2.9 (j) Annual leave

The current system of annual leave varies depending on grade and which terms and conditions of service that staff are employed on and are between 22 and 36 days.

The proposal is to move 30 days annual leave for all staff and that staff currently receiving more than 30 days annual leave per annum are protected at 31 days per annum for a period of 12 months. The revised arrangements are to be introduced with effect from 1st April 2017.

6.3.2.10 (k) Occupational sick pay

Excellent attendance is expected from all staff. Currently Barnet employees have in excess of 10 days absence per year on average compared to the public sector average of 6.5 days. The majority of sickness within the Council is short term sickness. It is proposed that consideration be given to having a sick pay scheme that is both comparable with other public sector organisations but has a component that allows claw back where absence is persistent and short term.

The outcome from the staff consultation events clearly demonstrates that for the Council's workforce, the sickness policy is a contentious and divisive issue. There is no way in which it could be said the proposals have won the "hearts and minds" of Council staff and managers. However, it is accepted by all that the policy is in need of a review.

It is not proposed to change the entitlement to sick pay at 6 months full pay/ 6 months half pay arrangements depending on the length of continuous service.

It is proposed to introduce a new Absence Management Code of Practice that reduces the sickness trigger levels. The current short-term absence triggers (10 days or 4 periods of within any 12 month period) would be changed to 8 days absence or after the second occasion of sickness absence within any rolling 12 month period (See table 5 below). Salary reductions would be imposed on those staff with unsatisfactory absence.

The reduction would be 1 day at the first trigger, 2 days at the second trigger and 3 days at the third trigger. As part of the negotiations with the trade unions thought that sickness could be better managed within the Council and they requested that the decision to implement pay deductions be deferred for 12 months and that they should be involved in a review before any pay deductions were implemented. It is therefore proposed that the revised scheme be introduced on 1st October 2016 for Council staff and 1st April 2017 for Community School based staff but the introduction of any scheme of pay deductions are deferred for 12 months from implementation.

As outlined in the EIA, implementation of this element of the proposals will be monitored by protected characteristics.

Table 5

Trigger	Sickness level	Salary Deduction
1	8 days or 3 occurrences within 12 months	1 days' pay
2	Another occurrence/absence within 12 months	2 days' pay
3	Another occurrence/absence within 12 months	3 days' pay

6.3.2.11 (I) Car Allowances

There are approximately 350 posts across the Council which are designated as "essential car users"; as such, the postholders each receive an equivalent lump sum of £963p.a. together with business mileage at 40.9p per mile. There are a number of criterion for being designated an essential car user and some occupations automatically receive the allowance regardless of the mileage undertaken. This needed to be reviewed to make this both based on need, fairness and transparency. Other staff who need a car for work but do not meet the criteria for essential car user allowance are paid as casual car user with business mileage at 52.2p per mile.

In terms of car allowances, it is proposed that the Council will apply a single criterion of 2,500 miles per annum for eligibility for an essential car user allowance and remove the allowance for those not meeting the required criteria and to remove the allowance for those not meeting the required criteria with effect from 1st April 2017.

As part of consultation with staff it became apparent that the loss of a significant sum in relation to the social care workforce would potentially create recruitment and retention issues relating to these staff. The Council does not wish to inadvertently create an issue with this group of workers but it also appropriate to maintain the Council's approach to the receipt of essential car user allowance moving forward. It is therefore proposed to look at the whole salary package for these hard to fill/retain worker basic pay to where ever

possible negate the loss of essential car user allowance through a retention payment.

6.3.2.12 (m) Employee Benefits

Modern employers now routinely offer a range of non-salary benefits, such as childcare vouchers, high street discounts and vouchers, discount leisure opportunities, car and bicycle loans and discounts and the trading of annual leave. It is proposed that the Council provide a comprehensive employee benefits offer subject to viability and it being at no cost to the Council.

7. IMPLEMENTATION

- 7.1 If the proposals are agreed then the Council intends to write to Council staff in April 2016 and Community School staff between May and July 2016 outlining the job title, revised grading, salary and new terms and conditions of employment.

All staff will have the opportunity to appeal against the revised grading for their post.

The Council remains fully committed to further negotiations in order to achieve a Collective Agreement. If the Council does not reach a Collective Agreement then it would be asking staff individually to agree to the new pay, grading and terms and conditions and if, and only if, this agreement is not reached then it may have to dismiss staff and immediately re-engage them on new pay, grading and terms and conditions.

The Council has developed plans to cover both options outlined above and whichever option is chosen then employees will be asked to read, sign and return one copy of the new contract before the implementation date to confirm their agreement.

8. IMPACT

- 8.1 The proposals set out today directly affect all employees. There are no changes to the overall number of roles.

- 8.2 An Equalities Analysis has been undertaken and no specific disproportionate impacts were identified on any protected characteristics relating to the Council's Equalities Duty.

10. BACKGROUND PAPERS

- 10.1 There are no background papers.