



CABINET

14th November 2005

JOB EVALUATION, PAY AND GRADING PROJECT – REVIEWING THE MANDATE

REPORT OF THE SERVICE DIRECTOR (HUMAN RESOURCES & EQUALITIES)

1. Purpose

- 1.1 To report progress against the original mandate as agreed by Cabinet for the above project. To set out proposals for a revised mandate in the light of project progress and matters arising.

2. Recommendations

- 2.1 Cabinet to agree the revised project objectives in Appendix B and the following updated mandate for the Job Evaluation, Pay and Grading project.
1. A new pay and grading structure being developed and implemented based on the GLPC scheme.
 2. Implementation by joint agreement with the Trade Unions as far as that is practically possible within the terms of the overall project mandate.
 3. An effective date when the new pay and grading structure will be available of October 2006 with an implementation date at a time to be agreed, from March, 2007.
 4. Agree to provide additional funding of up to £635k for project management and implementation costs, the release of this to be justified and decided by the Corporate Director of RAD as and when required in consultation with the Cabinet lead for RAD and the Directors Board.

5. Agree that funding be provided from the provision in the budget of £1m for Job Evaluation in 2005/06, with the balance to be contributed to the Job Evaluation reserve to help meet future protection costs (as intended when the budget was established).

3. Background

- 3.1 Cabinet originally agreed the mandate for the council's Job Evaluation, pay and grading project, at their meeting of December 2003. The project is now in a position where it can deliver but it requires Cabinet to revise the original mandate. Particularly as some of the proposed terms of delivery are outside of the scope of the original Cabinet decision.

4. Report

- 4.1 The original Cabinet mandate is set out at Appendix A. The following provides a commentary against each of the original recommendations made by Cabinet, with an explanation of any changes as appropriate;

4.1.1 The 'preferred scheme'

The option of the 'local scheme' has now been rejected by departments and the Project Board. The main reasons for rejection were the high degree of turbulence produced by the benchmark results and the potential impact on employees and services along with strong trades union opposition.

The Project Board have confirmed their support for an alternative scheme, 'the GLPC scheme', on the basis that it is more likely to complement and support the agreed project objectives (Appendix B) and in particular have a less turbulent impact on the council's workforce and be less disruptive to maintaining service delivery and employee relations. It is therefore recommended that Cabinet approve a new pay and grading structure based on the GLPC scheme.

Cabinet are also asked to note and confirm their support for the revised objectives for the overall project as agreed by the Project Board on the 21st September 2005, (as set out in Appendix B). These were produced following a re-appraisal of the project following difficulties with the local scheme results and the agreed need to focus on the business benefits to be realised through the project.

4.1.2 Joint Implementation

The formal position of the Trades unions is they are prepared to take a participative approach in the operation of the scheme but that the evaluation results will have to be approved by ballot.

Cabinet are recommended to restate their preference for implementation by means of joint agreement as far as that is practically possible within the terms of the overall project mandate.

4.1.3 The effective date

The planned effective date when the new pay and grading structure, based on the GLPC scheme, will be available is October 2006. A period of formal consultation will then be required prior to implementation. It is therefore projected that implementation will be w/e/f March 2007 at the earliest. Therefore pay changes and protection will not take effect before this date.

The main reason for the slippage is the change in preferred scheme. The extensive benchmark exercise using the Local Scheme in late 2004 and early 2005 showed that its implementation would involve unacceptably high levels of contractual change, disruption to current relativities, and cost. Previous benchmarking work had already shown that the same would apply to the National Joint Council scheme favoured by the joint trade unions.

In order to break this impasse and also move the project forward the joint employer-trade union GLPC scheme was trialled in April/May this year, and the results assessed. These showed more acceptable changes in relativities, less contractual change and lower costs. The scheme is now being fully benchmarked, with the participation of the joint trade unions.

There has also been a need to increase the project management capacity in order to ensure the viability of the project to deliver. This date has the support of all departments and the Project Board.

4.1.4 The financial implications

The project continues to work within the original mandate regarding impact on the Council's paybill. Members have been briefed on additional pressures and risks as they have emerged. This will continue and cabinet are advised to maintain their current position.

4.1.5 Project Management costs

The costs associated with work done to date on change of scheme (e.g. software licenses, training, consultancy support) and the subsequent revision to the timetable for implementation and capacity demands from departments, along with the need to secure viable project management arrangements has meant that there will be a need for additional project expenditure if the project is to deliver as set out above.

In order to deliver against the timetable and meet the above pressures and demands, additional expenditure of £162k is estimated to be required for the current financial year. In order to meet demands for the 2006/7 year, projected costs of £473k are likely to be needed.

Full details are given in a supporting paper set out at Appendix C.

4.1.6 Tolerances

The following tolerances are requested for the mandate

- If the anticipated project expenditure exceeds 20% of agreed annual project budget, then the Project Board will refer the matter to Corporate Directors' Board.
- If the planned project phases are exceeded by 3 months or the target implementation date is at risk the Project Board will refer the matter to Corporate Directors' Board.
- If there are significant increases in risk or anticipated scheme costs, the Project Board will refer the matter to Corporate Directors' Board.

5. Risk Assessment

An updated Risk Assessment matrix is included at Appendix D.

6. Financial & Legal implications

6.1 Financial Implications – Chief Finance Officer

In the 2004/05 budget strategy, provision of £1m. was made, rising to £2.8 m. by 2005/06 to meet the recurring costs of job evaluation arising from anticipated increases in the paybill. Modelling at that time suggested costs would start low (i.e. only project management would be required in 05/06); would rise above £2.8m. as pay rises took effect and protection was in place for those losing pay; and eventually reduce to £2.8m. p.a.

The budget provision was deliberately profiled in order to set aside funds for protection and project management in the early years to avoid provision in excess of £2.8m. being required in any year. £0.5m. was

approved for project management costs in December 2003. When the budget for 05/06 was created, it was apparent that implementation would slip and provision in 05/06 was reduced to cover any additional project management and protection costs. £1m. was set aside at this time. The additional funding sought can be met from within this provision.

6.2 Legal implications

The legal implications associated with the project are that a new single status pay structure is required in order to remove the risk to the Authority of facing a large number of Equal Pay cases.

The new pay structure will require new terms and conditions to be implemented for the majority of council employees with the need to meet all of the statutory and other legal requirements to bring about these changes with relevant negotiation and consultation with recognised Trades Unions and employees.

Author of Report

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DECISION STATUS

Key Decision	No
Reason	N/A
Appeared in Forward Plan	No
Executive or Council Decision	Executive (Cabinet)

APPENDIX A

JOB EVALUATION, PAY AND GRADING

The Original Mandate for the Project

Extract from Cabinet Minutes 15th December 2003

RESOLVED:

1. that approval be given to a new pay and grading structure being developed with the preferred option being the new local job evaluation scheme
2. that the joint trade union position be noted and implementation by joint agreement be supported so far as that is practically possible noting the timescale set out in Appendix B?
3. That a planned effective implementation date of 1 April 2005, be approved
4. that the financial implications be noted and the financial options be further addressed within the 2004/05 budget consideration and thereafter in the medium term budget strategy
5. that additional expenditure of £500,000 for implementation costs to be provided from the 2004/5 and 2005/6 budgets be supported and to note that these costs should be taken into account in preparing the budget
6. that the planned management arrangements be noted and agree that the Service Director (HR& Equalities) consults with the Cabinet Link member for Resources Access and Diversity on project progress and developments

Revised Project Objectives

At the project board meeting on 21st September the following project objectives were accepted.

To deliver a new pay and grading structure by April 2007 which :-

- Assists new ways of working and which best delivers high quality services.
- Ensures that the structure supports a competitively rewarded, well trained and motivated workforce
- Improves all aspects of equality and diversity and addresses any current perceived problems of inequality and discrimination.
- Improves the recruitment and lifelong development of employees.
- Meets all statutory and legal requirements including equal pay
- Is clear and simple to all and which is cost effective to administer
- Complies with the authority`s finance and planning processes and budgetary requirements.
- Achieves open and participative relations with recognized TU`s and employees.

Job Evaluation/Pay & Grading Project – Revised Budget estimate to completion

Background

The Project was established in 2004 to bring in a new Pay and Grading Structure to meet the National Single Status agreement. A revenue budget of £500,000 over two years was set anticipating the Project would deliver a new structure by March 2006.

In order to achieve a new Pay and Grading Structure, harmonised for all 'Green Book' employees, it is necessary to introduce a new Job Evaluation Scheme as a replacement to the former manual (national White Book) scheme and local APT&C scheme. A replacement scheme for Leicester was being considered in the mid 1990's but Local Government Re-organisation and Single Status negotiations put the matter on hold; this scheme, referred to as the "local scheme," was revived in 2003 and formed the basis on which Leicester City Council intended to implement a harmonised Pay and Grading Structure.

There have been two principal obstacles to the introduction of the local scheme

1. The Trade Unions' refusal to accept any job evaluation scheme other than the NJC scheme – the "national scheme"
2. The 2004 benchmark Rank Order of sample jobs which showed a degree of movement and readjustments of relativities unacceptable to Departments.

In April 2005 an alternative scheme, devised by the Greater London Provincial Council, was investigated by the conduct of a pilot benchmark exercise, producing a rank order more acceptable to departments. Work on the local scheme was ended and has continued on the GLPC scheme up to August of this year as part of a pilot study on its use.

A decision was made at Corporate level that the Project meets the criteria of a 'major project' and should, therefore, be run in accordance with Prince2 standards and SRG accordingly asked that a dedicated Project Manager be recruited. Since the Project Manager's appointment a revised project timetable has been developed together with a revised project structure. The Project Board has met and endorsed this together with acceptance of the use of the GLPC scheme to complete the job evaluation phases of the project. Once this work is complete then a new pay structure will be developed for implementation by a separate workstream. This work is planned to be completed by September 2006 and will enable a new structure to be introduced by April 2007 in accordance with the National Single Status Agreement.

Project Extension

It is clear from the redefined project plan that March 2006 is no longer realistic in order to achieve completion and this will now extend into the financial year

2006/07. Other additional costs will also be incurred in the current financial year.

The major additional costs are:

- Purchase of software and licences for the GLPC scheme
- Recruitment of dedicated Project Manager (and associated Agency fees)
- Extension of temporary analysts' contracts beyond April 2006
- Additional analysts to meet Departmental workload

	2004/05 (actual)	2005/06 (revised)	2006/07 (projected)
Staffing costs	£169,000	£331,000	£390,000 (allows 3% cost of living award)
Software Licences	11,500	£26,500	3,975
Consultancy fees	26,223	25,000	25,000
Other: Training, Supplies, Services, Transport etc	49,520	23,642	54,025
Total	£256,243	£406,142	£473,000

Resourcing Requirements

Departments have raised concerns about the ability to commit staff to the Project in view of the increased demands resulting from the Service Integration Programme (SIP) and Business Initiative Project (BIP). The higher corporate profile of these has drawn attention from the need to resource the JE/P&G Project. Accordingly, provision has been made for the recruitment of three further analysts to assist with the Job Evaluation process; it is not anticipated that these three posts will be required beyond December 2006.

Temporary contracts for the existing 'Recruited Analysts' will need to be extended. Contracts currently expire at the end of March 2006; under the current Project Plan this date will be less than half way through the Job Evaluation process. It is anticipated that Departments will require support in the process connected with employee changes in Conditions of Service and provision is made for current recruited analysts to be retained to December 2006, with up to three FTE analysts retained to meet any remaining workload between December 2006 and April 2007.

Provision has been made for the retention of the Project Manager and 3 FTE Project Support Staff until April 2007.

In addition to these dedicated revenue resources there will be a requirement for all staff in departments and directorates to commit management time and resources to carry out the significant effort required to update and evaluate around 1750 job descriptions and to commit management representation to the workstreams to carry out the evaluation work and the work on developing a new pay structure.

The above resource estimates do not include the likely estimated on-cost on pay bill of a revised pay and grading structure nor does it include the costs of implementing pay protection arrangements or compensation for affected groups. This is being addressed within the separate financial mandate given to the project by the Authority.

Overall Context

The Authority needs to be reminded of the implications of not meeting the Single Status agreement in respect of Pay and Grading.

The risk of equal pay claims has been reduced, but not removed. The Trade Unions have withdrawn mass claims on behalf of former manual workers for the time being but the threat of claims arising through no-win no-fee solicitors remains significant. The Trade Unions could also bring claims at any stage if unhappy with any proposed actions or outcomes. In addition, Employment Tribunals are now giving consideration to lack of progress in meeting the 1997 Single Status Agreement and are likely to award costs against the Authority. Therefore if the Authority does not commit the time and resources to resolving these pay and grading issues the risks of facing these litigation costs will continue to grow.

The restructuring of pay and grading also presents a significant opportunity for the Authority to develop a new pay and grading structure which best meets its future needs and reflects modern working arrangements.

Summary

Approval is now sought to commit the level of financial resources outlined above to take the pay and grading project through to completion within the end target date for introduction of a new pay structure of .1 April 2007.

Appendix D

RISK LOG

Project name *Job Evaluation/Pay and Grading Project*

Release ~~Draft~~/Final
Date: 06 October 2005

PRINCE2

Author:	Stephanie Maksimovic
Owner:	Dave Hemingway
Client:	Ian McBride
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Document History

Document Location This document is only valid on the day it was printed.
The source of the document will be found in the Project File.

Revision History Date of next revision: 07 November 2005

Revision date	Previous revision date	Summary of Changes	Changes marked

Approvals This document requires the following approvals.
Signed approval forms are filed in the project files.

Name	Signature	Title	Date of Issue	Version
D Hemingway		Project Manager	06/10/05	v1
I McBride		Project Director	06/10/05	v1

Distribution This document has been distributed to:

Name	Title	Date of Issue	Version
Project Board & Project Team			v1

Purpose

To provide a repository of information about risks, their analysis, countermeasures and status.

Risks:

JOB EVALUATION

Identifier	Description	Category	Impact	Probability	Proximity	Counter-measures	Owner	Author	Date Identified	Date last updated	Current status
JE001	GLPC scheme results fail to produce satisfactory rank order ie not agreed by JET		High	Low/ Medium	By Nov 05 for b/marks	Provide comprehensive training for JET members	SM	SM	6/10/05		New JET by Nov
						Ensure all results achieved by consensus	JT	Ongoing			
						Use another scheme and revise project timetable	DH	Fallback			
JE002	JDs not produced to consistent standard		Low	Medium	As above	Ensure good guidelines for producing JDs	SM	SM	6/10/05		Issue Oct 05
						Ensure all JDs are quality checked	SM	Through out			
JE003	Workload too high to produce JDs on time		High	Medium	As above	Agree and plan resources with WP Managers	DH	SM	6/10/05		Oct 05
						Raise any resource issues to Project Director, if unresolved escalate to Project Board	DH	Fallback			
JE 004	Inconsistency in evaluations		High	Medium	Through out Project and beyond	Restrict no of personnel authorised to undertake evaluations	JT	SM	6/10/05		JET structure agreed
					Undertake quality review/ assessment in accordance with good practice and EOC criteria	SM		Q plan by end Oct 05			

Identifier	Description	Category	Impact	Probability	Proximity	Counter-measures	Owner	Author	Date Identified	Date last updated	Current status
JE005	TUs do not agree use of GLPC scheme		High	Medium	To April 07	<p>Ensure full TU engagement in JET</p> <p>Involve Regional/National FTOs to resolve issues as necessary</p> <p>Complete and implement without TU support – imposing contractual variations following statutory notice</p> <p>Use another scheme and revise project timetable</p>	<p>DH</p> <p>DH</p> <p>IM</p> <p>DH</p>	SM	6/10/05		<p>Ongoing</p> <p>Not yet active (nya)</p> <p>Fallback</p> <p>Fallback</p>

Risks:

PAY & GRADING

Identifier	Description	Category	Impact	Probability	Proximity	Counter-measures	Owner	Author	Date Identified	Date last updated	Current status
PAY 001	Recommended grade structure exceeds current budget		High	High	By June 06	Change some parameters in pay model to reduce costs	PL	SM	6/10/05		NYA
						Alter implementation timing and assimilation rules to lessen up-front costs	PL	NYA			
						Seek Project Board approval to increase funding	DH	NYA			
						Moderate scheme rank order to reduce costs	JT	Fallback			
						Scrap results and start again	DH	Fallback			
PAY 002	Assimilation of bonus schemes causes: i) drop in productivity in Depts affected ii) industrial action iii) continued service viability		Medium /High	Medium /High	By April 07	Ensure that bonus scheme assimilation rules are sensible and acceptable	PL	SM	6/10/05		NYA
						Retain some elements of bonus scheme where agreed as relevant and defensible	PK	Legal advice being sought.			
						Ensure good communications to explain reasons for changes	JO	Ongoing			
						Manage contractual changes ensuring correct industrial relations procedures	DH	NYA			

Identifier	Description	Category	Impact	Probability	Proximity	Counter-measures	Owner	Author	Date Identified	Date last updated	Current status
	TUs do not agree use of GLPC scheme or accept revised pay structure		High	Medium	To April 07	<p>Ensure good relations with TUs</p> <p>Involve FTOs to resolve issues if necessary</p> <p>Jointly agree timescales to complete by March 07</p> <p>Complete and implement without TU support – imposing contractual variations following statutory notice</p>	<p>DH</p> <p>DH</p> <p>DH</p> <p>IM</p>	SM	6/10/05		<p>Through out</p> <p>NYA</p> <p>Ongoing</p> <p>Fallback</p>

Risks:

LEGAL

Identifier	Description	Category	Impact	Probability	Proximity	Counter-measures	Owner	Author	Date Identified	Date last updated	Current status
LE 001	Equal Pay claims		High	Medium	Beyond April 07	Ensure TUs are fully committed to Project Plan	DH	SM	6/10/05		Ongoing
						If claims arise, invalidate by robust defence if possible	IM	NYA			
						Settle on case by case basis if required	IM	NYA			
LE 002	Tribunal claims for failure to consult or breach of contract etc		High	Low	By April 07	Ensure all statutory requirements for consultation and notice are met	DH	SM	6/10/05		NYA
						Ensure all internal procedures full utilised	DH	NYA			

Risks:**EMPLOYEE RELATIONS**

Identifier	Description	Category	Impact	Probability	Proximity	Counter-measures	Owner	Author	Date Identified	Date last updated	Current status
ER 001	Dissatisfied employees or groups in Depts as a result of losing out in new structure		High	High	By April 07	Ensure good comms with all groups	JO	SM	6/10/05		Ongoing
						Ensure fair and agreed transfer arrangements into new pay/grading structure	DH				NYA

Risks:

PROJECT GOVERNANCE

Identifier	Description	Category	Impact	Probability	Proximity	Counter-measures	Owner	Author	Date Identified	Date last updated	Current status
PG 001	Lack of clear mandate from Project Board, CDB or Cabinet		High	Low	Through out	Ensure clear reporting structure, project plan and communications	IM	SM	6/10/05		Ongoing
PG002	Lack of clear direction from Project Board		High	Low	Through out	Ensure PB members have decision-making authority	IM	SM	6/10/05		Ongoing
PG 003	Slippage on timescales		High	High	Through out	Clear project plan milestones	DH	SM	6/10/05		In Project Plan
						Weekly tracking of Project achievement	DH				NYA
						Issue/exception reporting to Project Board	DH				NYA
PG 004	Overspend on finances		High	Medium	Through out	Immediate report to Project Board if budget likely to be exceeded	DH	SM	6/10/05		NYA

Risks:

HUMAN RESOURCES

Identifier	Description	Category	Impact	Probability	Proximity	Counter-measures	Owner	Author	Date Identified	Date last updated	Current status
HR 001	Loss of key personnel from Project Team		Medium	Low	Through out	Cross-training/development of staff on key issues	DH	SM	6/10/05		Ongoing
						Obtain cover from Depts via secondments	DH			Fallback	
						Use agency staff or consultant support	DH			Fallback	
HR 002	Insufficient time commitment from Departmental staff		High	Medium	Through out	Re-allocation of staff from 'business as usual' to project work	Work Pkge Mgrs	SM	6/10/05		NYA
						Recruit additional staff	DH			NYA	

Risks:

TECHNOLOGY

Identifier	Description	Category	Impact	Probability	Proximity	Counter-measures	Owner	Author	Date Identified	Date last updated	Current status
Tech 001	System failure/data loss		High	Low	Through out	Ensure good back up arrangements and archiving of data	SM	SM	6/10/05		Ongoing

Risks:

COMMUNICATIONS

Identifier	Description	Category	Impact	Probability	Proximity	Counter-measures	Owner	Author	Date Identified	Date last updated	Current status
Com 001	Breakdown of goodwill or employee relations/TU issues as a result of poor communications		High	Medium	Through out	Ensure comms plan is regularly reviewed and updated	JO	SM	6/10/05		Ongoing
