

## **SHEFFIELD CITY COUNCIL**

### **PAY STRATEGY PROPOSALS FOR TRADE UNION CONSIDERATION**

#### **Background**

A revised approach to pay and rewards has been proposed to the recognised Trade Unions following an invitation to a briefing with CMT/EMT on the Council's budget position on 9<sup>th</sup> September 2013.

Formal consultation on a wide-ranging package of options began on 18<sup>th</sup> September 2013, with three full days of discussion being held that week. Thereafter a weekly meeting has taken place to date. The revised approach is based on a total rewards package, recognising and raising the profile of the benefits of local authority employment.

At each meeting the Director of HR has emphasised the link between the Council's budget challenges and the cost of incremental progression in line with current terms and conditions.

The revised proposals set out below incorporate the changes made to the original proposals as a result of consultation with our recognised Trade Unions. It is intended to introduce the changes over a period starting from 1 April 2014 with full implementation by 1 April 2016. The proposals show the transitional arrangements as well as the final position.

#### **Scope of the proposed changes**

The proposed scope of the revised pay structure currently excludes former Sheffield Homes employees, Public Health employees, and non-teaching Schools employees. A business case for this decision has been shared with the Trade Unions.

The workforce to whom the pay strategy proposals apply is:

- Local Government Services
- Chief Officers
- Craft

There will be separate proposals in respect of Soulbury staff.

#### **Changes to pay structure**

##### **Fixed points – rate of pay for the job role**

It is proposed that a fixed pay point for each grade would be applied.

The proposed pay structures for employees covered by NJC for Local Government Services conditions and employees on Director grades are shown below. The current grading structure and the national pay spine are shown for comparison.

**Chart 1: Local Government Services Pay Structure**

Salary	SCP	Grade April 2013	Grade April 2016
12,435	5	1	
12,614	6		
12,915	7		Grade 1
13,321	8	2	
13,725	9		
14,013	10		
14,880	11		Grade 2
15,189	12	3	
15,598	13		
15,882	14		
16,215	15		
16,604	16		Grade 3
16,998	17	4	
17,333	18		
17,980	19		
18,638	20		Grade 4
19,317	21	5	
19,817	22		
20,400	23		
21,067	24		
21,734	25		Grade 5
22,443	26	6	
23,188	27		
23,945	28		
24,892	29		Grade 6
25,727	30	7	
26,539	31		
27,323	32		
28,127	33		
28,922	34		Grade 7
29,528	35	8	
30,311	36		
31,160	37		
32,072	38		Grade 8
33,128	39	9	
33,998	40		
34,894	41		
35,784	42		
36,676	43		Grade 9
37,578	44		
38,422	45		

39,351	46		10	
40,254	47			
41,148	48			Grade 10
42,032	49			
42,915	50			
43,794	51			
44,676	52	11		
45,560	53			
46,442	54		Grade 11	
47,327	55			
48,209	56			
49,088	57			

**Chart 2: JNC for Chief Officers Pay Scale**

<b>Grade</b>	<b>Spinal Point</b>	<b>Salary</b>	<b>Fixed Point Grade</b>
<b>DG 7</b>	<b>1</b>	<b>54250</b>	
	<b>2</b>	<b>55577</b>	<b>DG 7</b>
	<b>3</b>	<b>56903</b>	
	<b>4</b>	<b>58225</b>	
<b>DG 6</b>	<b>1</b>	<b>63822</b>	
	<b>2</b>	<b>65375</b>	<b>DG 6</b>
	<b>3</b>	<b>66928</b>	
	<b>4</b>	<b>68484</b>	
<b>DG 5</b>	<b>1</b>	<b>73249</b>	
	<b>2</b>	<b>75086</b>	<b>DG 5</b>
	<b>3</b>	<b>76922</b>	
<b>DG4</b>	<b>1</b>	<b>78757</b>	
	<b>2</b>	<b>80590</b>	<b>DG 4</b>
	<b>3</b>	<b>81645</b>	
<b>DG3</b>	<b>1</b>	<b>83689</b>	
	<b>2</b>	<b>85737</b>	<b>DG 3</b>
	<b>3</b>	<b>87784</b>	
	<b>4</b>	<b>89831</b>	
<b>DG2</b>	<b>1</b>	<b>92074</b>	
	<b>2</b>	<b>94376</b>	<b>DG 2</b>
	<b>3</b>	<b>96735</b>	
	<b>4</b>	<b>99154</b>	
<b>Exec Directors</b>	<b>1</b>	<b>116,902</b>	
	<b>2</b>	<b>123,066</b>	<b>Exec Director</b>
	<b>3</b>	<b>129,217</b>	
	<b>4</b>	<b>135,368</b>	
	<b>5</b>	<b>141,516</b>	

## **Fixed points – removal of the right to pay increments**

Employees who are on a pay grade normally progress automatically by one Spinal Column Point (SCP) within their pay grade each year. His/her salary would normally progress by one SCP until they reach the top of his/her grade. The increase in salary associated with this is commonly referred to as an 'incremental pay increase'. The progression in SCP and associated salary increase normally takes effect in April each year. The move to a fixed point grading structure means that an employee has no contractual (or other) right to automatically progress by any SCP within their pay grade, and that he/she shall no longer receive any pay rise as a result of incremental progression whilst working in the same job role.

This change to the employee's terms and conditions will not affect any entitlement to any additional pay award which is determined each year by the relevant national negotiating body.

## **Fixed points – transitional arrangements**

- Application of fixed points would mean that there would be a significant proportion of employees who would "gain" with immediate effect, alongside some who would remain neutral and a percentage whose salary would immediately reduce. The impact in terms of percentage of each category has been shared with the Trade Unions.
- The impact of this would be managed, both financially and on a personal level by progression to the new rate of pay for existing employees to be paid in three instalments from 1 April 2014, 1 April 2015 and 1 April 2016
- Reduction in salary would also be deducted in three instalments as above, but with eligibility for pay awards.
- Proposals in respect of pay protection for lower paid employees are shown below
- This process would entail determining new local (Sheffield City Council) interim pay points for the grades

## **Pay protection – changes to pay structure**

We will offer pay protection for 12 months from 1 April 2014, for anyone earning less than £21,000 per year (full time equivalent). At the end of this protection employees will move to the new fixed pay points as described earlier in this proposal in two equal instalments.

## **Pay protection as a result of MERs etc. – transitional period**

If an employee is redeployed into a lower graded job as a result of a Managing Employee Reductions process in their service they will continue to receive red-circled pay protection for a maximum of one grade for a maximum of 2 years.

## **Starting salaries**

From April 2016 onwards, all employees including new starters are paid at the fixed pay point for their grade.

## **Starting salaries –transitional arrangements**

From April 2014, employees who accept a promotion are to be placed on the lowest interim pay point for the grade. As with employees already paid at that interim pay point, their pay will increase in line with the transitional arrangements until they reach the fixed point for the grade on 1 April 2016.

If an employee chooses to accept a job on a lower grade without pay protection e.g. as part of a flexible retirement package, then they will immediately go to the fixed point established rate for the job.

If an employee is redeployed into a new role on the same grade as a result of an MER, they will remain on the same interim pay point as before and their pay will increase or decrease as appropriate.

If an employee was redeployed into a new role with pay protection and the period of pay protection ends, they will be assimilated to the top interim pay point in their new grade and their salary will decrease in instalments until they reach the fixed point salary on 1 April 2016

If a person is appointed from outside of the organisation, they will be appointed at the interim pay point of minimum advantage and their pay will increase or decrease as appropriate in line with the transitional pay arrangements.

## **Living wage supplement**

We propose to continue payment of the Living Wage pay supplement to basic pay for those employees on our lowest pay scales. From 1 April 2014 we will increase our Living Wage level to £7.65 an hour, which is equivalent to a full time salary of £14,759 per year.

## **National pay awards**

- National pay awards will still be applied so everyone within scope and eligible would receive this
- Salaries would not be “red circled” and so the pay award would offset the amount of salary reduction.

## **Market Supplements**

- There would be an ability to award market supplements subject to a business case and for a fixed period of time
- This would be subject to approval in accordance with the Councils agreed procedures

## **Enhancements to pay**

- There are no current proposals to change the enhancements we pay for working evening, nights, weekends and Public/Bank Holidays.

## **Flexible working/flexi schemes**

- It is proposed that a separate workstream is formed with the recognised Trade Unions and service leaders to agree a common and consistently applied flexible working scheme.

## **Learning and Development**

- It is proposed that a joint work stream is established to progress the implementation of a skills and attainments framework and to explore the possibilities for accessing personal development through a salary sacrifice scheme.

## **Pension**

- There are proposed changes to the pension scheme from April 2014. However this will remain an option to all employees in the Council and is a benefit which should not be under-estimated. As part of this strategy it is proposed that we actively market the benefits of our pension scheme more fully.
- It is proposed to include a range of case studies to outline the benefits of the pension scheme.

## **Terms and Conditions**

- In order to highlight the range of terms and conditions which exceed statutory requirements, such as maternity/adoption leave, and occupational sick pay it is proposed to include a comparator table to exemplify the difference between the Sheffield offer to that required of employers by law.

## **Voluntary Schemes**

- We have offered a range of voluntary schemes for the past three years, which have made a significant impact not only on achieving budgetary savings but also in maintaining employee morale in very difficult and challenging circumstances.
- It is proposed that the range of options available are increased to include:
  - Car parking salary sacrifice
  - Shared cost AVCs
  - Further promotion of child care vouchers under salary sacrifice
  - Work-related training costs
  - Green cars

## **CURRENT POSITION OF THE COUNCIL**

The Council has acknowledged the Trade Union position on a number of issues and has amended its proposals above to reflect this.

The Trade Unions have indicated that they would be willing to consider a ballot on the proposed pay strategy as outlined in this paper.

**PROPOSED CHANGE** - It is requested of the Trade Unions that meaningful consultation continues on the range of proposals identified above, to reach conclusion by 31<sup>st</sup> March 2014.

**Julie Toner**

**Director of Human Resources**

**29 November 2013**