

# Pay and Reward Structure

## Frequently Asked Questions

Publication Date: 19 November 2013

Author: HR Specialist Services



Category		Question	Answer
A	Business Case	A1 What are the reasons for the proposals to change pay and reward?	The Business reasons for the proposals to change pay and reward are to:- <ul style="list-style-type: none"> <li>• Address budget pressures – estimated at £4.7 million each year if increments were re-instated</li> <li>• Ensure a fair pay structure for the organisation</li> <li>• Attract people to work for the Council, through our current and future rewards schemes.</li> </ul>
A	Business Case	A2 How does this fit into the wider Council Priorities and Objectives?	The Council's funding is being reduced from Central Government – with a reduction in funding of 50% by 2015/6. Each Service is to find ways to reduce spending, so that we can meet the predicted revenue funding gap of £37 million next year and £78 million in 2015/2016.  By moving away from increments to a single pay point, this contributes to the Council's financial objectives.
B	Impact	B1 What is the impact of these changes?	If these proposals are implemented, we estimate that:- <ul style="list-style-type: none"> <li>• Around 69% of people would receive more basic pay than they do currently</li> <li>• Around 23% would receive less basic pay than they do currently</li> <li>• Around 8% would receive the same basic pay as they do currently.</li> </ul> <p>We estimate the changes would cost us around £1.7m next year, compared with an estimated £4.7m to reinstate increments. Over the coming years, this represents a continued saving.</p>

Category		Question	Answer
C	Scope	C1 Which groups of employees are not affected by these proposed changes?	Teachers and School Support Staff are not affected by this change. Individuals who have transferred into the Council on non SCC terms and conditions, through TUPE will not be affected at this stage. This includes former Sheffield Homes and Public Health staff who joined the Council in April this year.
C	Scope	C2 Why are Sheffield Homes and Public Health not in scope?	<p>Sheffield Homes and Public Health employees have pay, terms and conditions which are protected by the Transfer of Undertakings (Protection of Employment) Regulations (TUPE).</p> <p>Former employees of Sheffield Homes and Public Health, and any other employees who have recently transferred into the Council under a TUPE process, are not affected by this proposal. They will not therefore receive any individual information about how this proposal might affect them. Currently, structural reviews are underway for these groups of employees in the form of Housing plus and Portfolio change processes. Pay arrangements and terms and conditions will be reviewed as part of these changes. This may also result in new job roles and potentially changes to grades.</p> <p>However, it is not anticipated that this work will be concluded by April 2014, and therefore this will be addressed separately. At the time that changes are proposed for this group of employees, a separate consultation process will be conducted with the Trade Unions and we will communicate at this point with individuals affected.</p>

C	Scope	C3 Are Soulbury employees in scope of these proposals?	<p>Soulbury employees are in scope of these proposals and we are about to open consultation talks with Soulbury Trade Unions. These talks are at an early stage, as increment changes for Soulbury employees are not due until September 2014.</p> <p>This means that Soulbury employees will not see any information about proposals affecting them and will not receive a Letter with an Offer to change Terms and Conditions before Christmas 2013.</p> <p>It is likely that we can give more firm Soulbury proposals in Spring 2014.</p>
C	Scope	C4 Are school support staff in scope of this proposal?	No, The purpose of this action is to generate savings for the Council. Schools budgets are ring-fenced, so any savings would be retained by the school.
D	Pay and Reward	D1 What are the proposals for pay and reward?	<ul style="list-style-type: none"> <li>• <b>Ending the payment of increments</b> – when the current freeze expires at the end of this financial year, we are proposing to permanently end incremental progression and the payment of increments.</li> <li>• <b>Retaining our current grades</b>, removing spinal column points within the grades</li> <li>• <b>Introducing a single ‘established’ pay rate for each grade</b> – From April 2016, everybody on the same grade will be on the same rate of basic pay.</li> <li>• <b>New Starters</b> – Between April 2014 and April 2016, it is proposed that there is a New Starter pay rate, which applies to people new to a role.</li> <li>• <b>Protecting the lowest paid</b> – our proposals are based on the established pay rates for lower grades being set at a different level to those for the higher grades, to reduce the impact of these changes on the lowest paid.</li> </ul>

			<ul style="list-style-type: none"> <li>• <b>Retaining national pay bargaining</b> – our proposals will not affect our involvement in national pay bargaining processes. This means you will continue to qualify for any national pay awards (such as this year’s 1% increase) in future years.</li> </ul>
D	Pay and Reward	D2 What is my Established rate for the grade?	<ul style="list-style-type: none"> <li>• <b>Established</b> – under current proposals, the established pay rate for each grade would be set as follows. This would provide greater protection for the lowest paid, however, we are still in negotiations with the unions and this could be subject to change: <ul style="list-style-type: none"> <li>○ Grades 2 &amp; 3 – the established rate would be set at one point below what is currently the highest rate for that grade</li> <li>○ Grades 4-5 – the established rate would be set at what is currently the upper mid-point for that grade</li> <li>○ Grades 6 and above – the established rate would be set at what is currently the lower mid-point for that grade</li> </ul> </li> </ul>
D	Pay and Reward	D3 What is the established rate for the grade for grade six ?	<p>We apologise for a typing error on our original communications on Pay and Reward. We have now corrected our text on the Pay and Reward Intranet page.</p> <p>In our proposal, at grade six, the established rate for the grade is set at what is currently the lower mid-point for that grade.</p> <p>Grade Six Established Rate for the Grade is SCP 29            £24,892.</p>

D	Pay and Reward	D4 When will increases and decreases in pay as a result of the Pay and Reward Structure be applied?	<p>For some people, who are at or near the top of the grade, this will mean a reduction in salary. As this is not welcome news and is a matter of concern, we are looking to introduce these changes gradually.</p> <p>From April 2014-April 2016, we are proposing to move you onto your Established Rate for the Grade in three equal instalments. Your salary will increase/decrease in April 2014 and April 2015. Finally, in April 2016, you will be placed on the Established Rate for the Grade.</p>
D	Pay and Reward	D5 Can you give an example of how employees will be moved onto the Established Rate for the Grade?	<p><b>Employee currently paid less than the Established Rate for the Grade</b></p> <p>Where you are paid below the new established rate for the grade, you will see an increase in pay over the next 3 years until you reach the new established rate for the grade on 1 April 2016.</p> <p><b>Example 1:</b> Mrs A is currently on the bottom of grade 3 and so is paid at spinal column point 12 i.e. £15,189 per year. The new established rate for grade 3 is spinal column point 16 i.e. £16,604 per year (at current pay rates). This is 4 spinal column points above Mrs A's current pay. We will increase her pay in 3 equal instalments over the next 3 years until she reaches the fixed point for grade 3. The instalments are an extra £471.67 per year at current pay but we will increase the amounts in line with any cost of living pay awards. After 1 April 2016 Mrs A's pay will only increase by the cost of living pay awards. This is shown below:</p> <ul style="list-style-type: none"> <li>• Now paid spinal column point 12 i.e. £15,189 per year</li> <li>• From 1 April 2014 paid at £15,660.67 per year</li> <li>• From 1 April 2015 paid at £16,132.34 per year</li> <li>• From 1 April 2016 paid at spinal column point 16 i.e. £16,604 per year</li> </ul>

			<ul style="list-style-type: none"> <li>From 1 April 2017 onwards, still paid at spinal column point 16</li> </ul> <p><b>Employee currently paid more than the established rate for the grade</b></p> <p>Where you are paid above the new established rate for the grade, you will see a decrease in your pay over the next 3 years until you reach your new fixed point on 1 April 2016.</p> <p><b>Example 2:</b> Mrs C is currently paid on the top point of grade 4, which is spinal column point 22 i.e. £19,817 per year. The new established rate for grade 4 is spinal column point 20 i.e. £18,638 per year (at current pay rates). Her pay will decrease in 3 equal instalments of £393 per year over the next 3 years until she reaches the fixed point for grade 4. The instalments are a decrease of £393 per year at current pay but we will adjust this amount in line with any cost of living pay awards. This is shown below:</p> <ul style="list-style-type: none"> <li>Now paid spinal column point 22 i.e. £19,817 per year</li> <li>From 1 April 2014 paid at £19,424 per year</li> <li>From 1 April 2015 paid at £19,031 per year</li> <li>From 1 April 2016 paid at spinal column point 20 £18,638 per year</li> <li>From 1 April 2017 onwards, still paid at spinal column point 20</li> </ul>
D	Pay and Reward	D6 Why can we not continue with the increment freeze?	<p>We asked individual employees to agree to the increment freeze for a temporary period only, whilst we worked with the Trade Unions to review the pay arrangements.</p> <p>Individual employees accepted the increment at one specific point in time. There is a differential impact on different people at the point in time the decision was taken.</p>

	Pay and Reward	<p>D7</p> <p>What is happening to reward for length of service?</p>	<p>In the public sector, we have historically included the concept of time-served increments in our pay arrangements. In a lot of organisations across the country, this concept is being reviewed. We need to make our pay arrangements fit within the current economic climate and how people now approach their working lives.</p> <p>With people carrying out a portfolio of work-life activities across their working career, what we are offering is a total reward package. Our total reward package has a number of components to reward, including core and flexible benefits, such as pension, parental leave and flexible working options.</p>
	Pay and Reward	<p>D8</p> <p>What is the reward element of this proposal?</p>	<p>Your Reward for working for the Council is made up of four key components:-</p> <ul style="list-style-type: none"> <li>• Pay – including base pay and any appropriate enhancements</li> <li>• Benefits <ul style="list-style-type: none"> <li>Core benefits: pension, holiday entitlement, generous maternity, parental and adoption benefits, option to take unpaid career break</li> <li>Flexible Benefits: additional leave, childcare vouchers, pension plus, flexible working options – flexitime, part time working, compressed hours, discretionary leave etc, Well-being support, including employee assistance programme</li> </ul> </li> <li>• Career Development – learning opportunities, performance management, role specific training and development, career development opportunities</li> <li>• Work Environment – organisation climate and culture, leadership, physical environment, work-life balance</li> </ul>



D	Pay and Reward	D9 Would it not have been fairer to create a new pay point exactly half of the grade?	<p>Early on in our collective consultation process with the trade unions, we agreed to keep within the National Pay Bargaining Framework and the nationally agreed pay spine. This has meant that for some of the grades, which have an even number of spinal column pay points, you cannot have an exact mid-point.</p> <p>In addition, we have changed our proposal based on the trade union request to protect the lowest paid, increasing the mid-point/ established rate for grades two and three. The 'mid-point'/established rate for these grades is one spinal column point below the top of the grade.</p>
E	Pay Protection	E1 What will happen to my pay protection?	We will honour all pay protection arrangements. You will stay at your protected salary point for the period that it applies.
E	Pay Protection	E2 Will Sheffield City Council protect pay for those people whose pay will decrease on 1 April 2014?	<p>For some people, who are at or near the top of the grade, this will mean a reduction in salary. As this is not welcome news and is a matter of concern, we are looking to introduce these changes gradually.</p> <p>We are not protecting pay, but are reducing these salaries downwards in three equal instalments from April 2014-April 2016.</p>
F	Enhancements	F1 What will happen to pay enhancements?	Enhancements to pay are not part of this proposal. We are now working with the Trade Unions on separate, meaningful consultation and negotiation on enhancements, zero hour contracts, agency usage, sickness absence and working pattern variations.

G	(TARAs) Temporary Additional Responsibility Allowance/ Honoraria	G1 What will happen to my Temporary Additional Responsibility Allowance?	<p>Your Temporary Additional Responsibility Allowance is for undertaking temporary, additional duties. Your manager is to review these temporary arrangements with you and discuss whether there need to be changes to your job description.</p> <p>If necessary, your manager is to submit a revised job description for pay and grading review.</p> <p>In our proposal, all existing TARAs and Honoraria will cease on 1 April 2014.</p>
H	Market Supplements	H1 What will happen to market supplements?	<p>There may be some jobs where, if pay is reduced it will not match the pay offered by other employers. This could lead to problems recruiting people to work for us or retaining the staff we currently employ. To prevent or address this we may need to apply a market supplement in exceptional cases.</p>

J	Living Wage	J1 Will the living wage supplement still be paid?	<p>We remain committed to improving the income levels of the lowest paid members of our staff. We will continue to pay the Living Wage pay supplement to those employees on our lowest pay scales. From 1 April 2014, we will set our Living Wage at £7.65 an hour, which is equivalent to a full-time salary of £14,759 per year.</p> <p>This means that we will pay a Living Wage Supplement on the basic hours for all employees currently paid less than the Established Rate for Grade 2, which is currently spinal column point 11 or £14,880 per year. This supplement will not be paid on enhancements, additional hours and overtime.</p>
K	New Starters	K1 What is the New Starter Entry Point?	<p>Until we move fully to the new Pay and Reward Structure in April 2016, there is potential for employees to earn less than new starters. New Starters are to be placed on a new starter entry point or a starting salary, which is the lowest interim pay point for the grade.</p> <p>The following year, these new starters and all other employees on the lowest interim pay point move up onto the next interim pay point.</p> <p>From April 2016 onwards, all employees including new starters are at their established rate for the grade.</p>
K	New Starter	K2 Would the new starter rate apply just to people joining the council or to existing employees who change jobs/grades?	<p>From April 2014, all employees who accept a promotion are to be placed on the new starter 'New Entry Point' or a starting salary. This is the lowest interim pay point (bottom) of the grade.</p> <p>If you choose to accept a job on a lower grade without pay protection e.g. if you choose this as part of a flexible retirement package, then you will immediately go to the established rate for the grade.</p>

L	Pension	<p>L1 Is any protection being considered to protect any impact on the pensions of the longest serving employees?</p>	<p>On 1 April 2014, our pension scheme, called the Local Government Pension Scheme will change from a final salary scheme to a Career Average Re-valued Earnings (CARE) Scheme.</p> <p>However, if you are already a member of the Local Government Pension Scheme, your pension for the years up to 31 March 2014 (and automatic lump sum, if any) will remain as a final salary scheme. The amount of your pension for the period up to March 2014 will depend on your final salary at the time you eventually retire or leave the pension scheme.</p> <p>These pay changes may have an impact on your pension but this will depend on a number of individual factors, including your age and how close you are to retirement.</p> <p>To calculate your final salary pension we will normally use the last 365 days or the best of the last 3 years of pensionable pay. However, if your pay decreases as a result of these changes, you may choose to use an average pensionable pay from any 3 consecutive years (ending on a 31 March) from the last thirteen years of your employment with us. These averages are up-rated to include any pensions increase. The highest average will then be used to work out your pension benefits.</p> <p>The CARE part of your pension from 1 April 2014 onwards is based on how much you earn in any given year so in general there is no protection if your pay decreases. However, when the pension scheme changes, there will be additional protection for older members i.e. those who were within 10 years of the Normal Pension Age as at 1 April 2012. At the time of writing, the Government has not published the final rules on this “underpin protection”.</p> <p>We are not able to give you individual advice or information relating to your pension, as this is provided by South Yorkshire Pensions Authority.</p>
---	---------	--	---

			<p>Until the scheme regulations are finalised, it will not be possible for South Yorkshire Pension Authority to provide you with individual advice and information about the effects on pension of any pay reduction that you may suffer.</p> <p>Consideration is being given to how South Yorkshire Pensions will provide more detailed information to individuals once the transitional regulations are published. Sheffield City Council is also working with SYPA to provide generic illustrations of the effects of pay reductions in a number of specific circumstances and these will be made available through your Trades Unions as soon as possible.</p>
M	Equality Impacts and Fairness	M1 Has any age profiling been carried out to look at the potential age discrimination of this proposal?	<p>This Pay and Reward Structure has the potential to impact differentially on employees. We have shared equality pay modelling of the proposals with the Trade Unions.</p> <p>As we are still in an on-going consultation and negotiation process with the trade unions, we are not in a position to say definitively what the final impact might be on an individual, or group of individuals. Over the next few weeks, a final version of our Pay and Reward Scheme and an associated Equality Impact Assessment is to be published on the intranet.</p>
M	Equality Impacts and Fairness	M2 This does not seem to be a fair way of achieving our objectives at all. What other options have you considered?	<p>Our commitment to fairness and social justice is at the heart of the Council's values, it underpins everything we do. We support the Fairness Commission, which has an aspiration for Sheffield to be the fairest city in Britain.</p> <p>In relation to the workplace, the aspiration is for all employers in Sheffield to have working practices which provide good jobs, fair access to all groups in the city, equitable pay ratio's and support employee wellbeing through work life</p>

			<p>balance and flexible working. As recommended by the Fairness Commission we have signed up to the voluntary fair employer code of practice.</p> <p>Our aim is to contribute to savings, by reducing the cost of incremental progression, whilst protecting jobs.</p> <p>We are currently in the consultation period on these proposals. We are sharing information, discussing options and listening to the views of you, your manager and the Trade Unions. Following this period, changes may be made to proposals to reflect the information gathered through consultation.</p> <p>Through the consultation period to date, we have significantly changed our proposal</p> <ul style="list-style-type: none"> <li>• Increasing the Established Rate for the Grade by 1 spinal column point for grade 2 and 3. Grade 2 is to move to SCP 11 £14,880 and Grade 3 is to move to SCP 16 £16,604</li> <li>• Reducing Executive Director Established Rate for the Grade by one SCP point</li> <li>• New Starter Entry Rate is to be the bottom interim pay point for the grade. In 2016, new starters will move straight to the Established Rate for the grade. There will be no separate New Starter Rate.</li> <li>• Enhancements to pay are not part of this proposal. We are now working with the Trade Unions on separate, meaningful consultation and negotiation on enhancements, zero hour contracts, agency usage, sickness absence and working pattern variations.</li> </ul>
--	--	--	--

N	Collective Consultation	<p>N1 Other authorities have been far more willing to engage staff in their proposals on pay/savings. Why has SCC not done this?</p> <p>Is this a genuine consultation where you are open to ideas and will change course according to the published results – or is it, as it appears to be, a ‘fait accompli’?</p>	<p>We engage and communicate with trade unions in a process of Collective Consultation. In this process, recognised Trade Unions negotiate on behalf of their members. We engaged with the Trade Unions on these proposals in September 2013.</p> <p>We have shared our proposals with the Trade Unions, who are now consulting with you about the proposals and what alternatives suggestions can be put forward. We then listen to the trade union response. We have already made changes to our proposals, where we feel these are appropriate, having considered the comments and questions raised by the Trade Unions. We make a final proposal to the trade unions, who then decide whether we can make a collective agreement.</p> <p>Through the consultation period to date, we have significantly changed our proposal</p> <ul style="list-style-type: none"> <li>• Increasing the Established Rate for the Grade by 1 spinal column point for grade 2 and 3. Grade 2 is to move to SCP 11 £14,880 and Grade 3 is to move to SCP 16 £16,604</li> <li>• Reducing Executive Director Established Rate for the Grade by one SCP point</li> <li>• New Starter Entry Rate is to be the bottom interim pay point for the grade. In 2016, new starters will move straight to the Established Rate for the grade. There will be no separate New Starter Rate.</li> </ul>
---	-------------------------	--	--

N	Collective Consultation	N2 Why can the trade unions negotiate on my behalf, even though I'm not a member of a union?	A process called collective bargaining allows recognised Trade Unions to negotiate on behalf of their members. The outcomes of these negotiations are binding on all and are applied to everyone within that negotiating group. The council has a duty to consult with employees. This is best managed through a system of representation. The Council considers the interest of all staff and would not make any agreements that would benefit union members to the detriment of non-union members.
N	Collective Consultation	N3 What will happen if there is no collective agreement?	If we cannot reach a collective agreement, we write to you as an individual employee to vary your contract. The letter you receive is an offer from the Council to vary your contract. If a collective agreement is achieved the agreement will be binding on all staff whether they were in a trade union or not.
P	Alternative Suggestions	P1 Have you considered any alternative suggestions to the proposed pay structure	Through the consultation period to date, we have significantly changed our proposal <ul style="list-style-type: none"> <li>Increasing the Established Rate for the Grade by 1 spinal column point for grade 2 and 3. Grade 2 is to move to SCP 11 £14,880 and Grade 3 is to move to SCP 16 £16,604</li> <li>Reducing Executive Director Established Rate for the Grade by one SCP point</li> <li>New Starter Entry Rate is to be the bottom interim pay point for the grade. In 2016, new starters will move straight to the Established Rate for the grade. There will be no separate New Starter Rate.</li> </ul>
R	Pay and Grading	Is pay and grading now irrelevant?	We have finished the Pay and Grading Appeals process, so all employees have jobs, which have been allocated using the same toolkit and have a role profile and grade outcome. We will continue to use job allocation to determine grades for all new jobs or for jobs where duties change.



			For Pay and Reward, we are continuing to use job allocation to determine grades. What is different, is that we are proposing to move to a pay structure with a single, established rate for each grade.
S	Contact, Support and Information	S1 Where can I get additional information	<p>Some questions raised are of an individual nature. In view of the fact that we are still in an on-going consultation and negotiation process, we are not in a position to say definitively what the final impact might be on an individual, or group of individuals. However, we hope that by providing further details on the principles of how our proposals might apply, this will enable you to gain a better understanding of the impact on you, as an individual.</p> <p>As further queries are raised and the consultation progresses, we will add to this document, which will be stored on the intranet.</p> <p>In early December, your manager will be sharing more information with you at your team meeting. Here you can ask for clarification and understanding of the impact of the proposals.</p> <p>You can also email <a href="mailto:payandrewardenquiries@sheffield.gov.uk">payandrewardenquiries@sheffield.gov.uk</a></p>
S	Contact, Support and Information	S2 What support is available to employees during this time?	<p>You can find out the latest information from the Pay and Reward intranet page and speak to your line manager if you have any concerns.</p> <p>We also provide you with a confidential, independent Employee Assistance Programme. Here, you can get support on stress, information and signposting, legal, financial and debt advice. This service is available 24 hours per day, 7 days per week.</p> <p>Please see <a href="#">Employee Assistance Programme</a> intranet page or telephone 08000 282850 for more details.</p>

S	Contact, Support and Information	S3 Trade Union - Contact Details	<p>GMB Telephone      276 8017      <a href="mailto:sheffield@gmb.org.uk">sheffield@gmb.org.uk</a></p> <p>UNISON - Telephone    273 6307      <a href="mailto:enquiries@SheffUnison.org.uk">enquiries@SheffUnison.org.uk</a></p> <p>UNITE – Telephone      321 0702      <a href="mailto:enquiries@Unitetheunion.org.uk">enquiries@Unitetheunion.org.uk</a></p>
S	Contact, Support and Information	S4 Financial Advice	<p>If you are concerned about the impact on these changes on your finances, you can get free confidential, independent advice from the Employee Assistance Programme. Here, you can get support on stress, information and signposting, legal, financial and debt advice. This service is available 24 hours per day, 7 days per week.</p> <p>Please see <a href="#">Employee Assistance Programme</a> intranet page or telephone 08000 282850 for more details.</p> <p>You can also use the on-line money planner from the Money Advice Service to complete <a href="#">Money Health Check</a> of your finances. It takes just 10 minutes to answer some straightforward questions and the health check will give you a personalised action plan which identifies the top 3 things you can do now to make the most of your money, and to plan for the future.</p> <p>The Money Advice service is an independent organisation set up by the government so they won't try to sell you anything.</p>
T	Service Budgets	T1 Are individual services to pick up the additional cost of introducing change?	<p>Service budgets for 2014/15 will neither benefit or be adversely affected as a result of Pay and Reward. Therefore revenue budgets will be adjusted, based upon reasonable estimates, to reflect the impact of any agreed Pay and Reward proposals.</p>

