



## Full Council Thursday 31 August 2023

<b>Report Title</b>	Approval of Pay Structure and Terms and Conditions
<b>Executive Member</b>	Cllr Jason Smithers, Leader of the Council
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<b>Are there public sector equality duty implications?</b>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<b>Does the report contain confidential or exempt information (whether in appendices or not)?</b>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<b>Applicable paragraph number/s for exemption from publication under Schedule 12A Local Government Act 1972</b>	

### List of Appendices

- Appendix A - Job Family Framework
- Appendix B - Proposed Pay Structure
- Appendix C - Proposed Terms and Conditions

### 1. Purpose of Report

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- 1.1. To seek approval of the pay structure and terms and conditions of employment for adoption by North Northamptonshire Council.

### 2. Executive Summary

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- 2.1. The council does not currently have its own pay and grading structure, or a complete set of employment terms and conditions of employment. The workforce is currently made up of employees who remain on their previous councils' terms and conditions, protected by TUPE legislation (c60% of the workforce); and employees who are on 'interim' / hybrid North Northamptonshire Council terms and conditions (c40% of the workforce).
- 2.2. TUPE legislation (Transfer of Undertakings Protection of Employment Rights) protects those employees who transferred to North Northamptonshire Council from one of our predecessor councils and who's role has not changed since

the transfer. Employees who are in this position remain on their previous councils' terms and conditions (including salary, pay scales, annual leave, allowances and redundancy pay) until such time that their role is changed significantly, or they apply for a new internal role. For example, if an employee was employed by Corby Borough Council before vesting day on 1<sup>st</sup> April 2021 and their role has not significantly changed since, they will continue to be employed under Corby Borough Council pay, terms and conditions.

- 2.3. New starters who have joined the council since 1<sup>st</sup> April 2021, or who have changed roles since that time, have been appointed to 'interim' North Northamptonshire Council pay, terms and conditions. These comprise of a small number of terms and conditions that were agreed before vesting day and those which were inherited from our predecessor councils.
- 2.4. Equal pay and retention considerations mean that it is not sustainable to continue using 'interim' arrangements for new appointments. Equally, the hybrid arrangements do not support the council's ambition to be an employer of choice.
- 2.5. A proposed pay structure for the council and an accompanying set of terms and conditions have been developed, in consultation with the councils recognised trade unions and shared with employees. These have been designed to support the attraction and retention of skilled employees and provide a robust defence against potential equal pay claims.
- 2.6. For clarity, employees who transferred from a previous council and whose role has remained the same, will not be impacted by the new pay and grading arrangements. TUPE legislation does not allow for a unilateral move of all employees to the proposed pay terms and conditions, often referred to as "harmonisation".

### **3. Recommendations**

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- 3.1. It is recommended that Council:
  - a) Approve the adoption of North Northamptonshire Councils Pay Structure at Appendix B.
  - b) Approve the adoption of North Northamptonshire Councils Terms and Conditions at Appendix C.
- 3.2. *Reasons for the Recommendations:-*
- 3.3. *Implementing a new pay structure and terms and conditions for North Northamptonshire Council is an important decision that will help to further, shape our workforce now and in the future.*
- 3.4. *Decisions relating to new pay and grading arrangements have significant financial implications for the council and whilst these have been built into the*

*Medium-Term Financial Plan, approving the adoption of these proposals is a decision for Council, in accordance with the Constitution.*

3.5. Alternative Options Considered:-

- *Continuing to employ people on 'interim' terms and conditions.*
- *Starting the pay structure at a lower pay point and decreasing the pay differential between pay bands.*

## **4. Report Background**

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- 4.1. North Northamptonshire Council was legally formed on 1<sup>st</sup> April 2021. This date is commonly referred to as “Vesting Day” and is the day in which the Borough Council of Wellingborough, Corby Borough Council, East Northamptonshire District Council, Kettering Borough Council and Northamptonshire County Council were abolished and replaced by the new North Northamptonshire Council. The abolished councils are referred to as “Predecessor Councils”.
- 4.2. A shadow North Northamptonshire Council, which was established prior to the 1<sup>st</sup> April 2021, agreed a small number of employment terms and conditions to ensure that the council was able to operate effectively from an employment perspective from Vesting Day. The shadow council also agreed to adopt the following National Pay arrangements (including national pay awards and annual increments):
- NJC for Local Government Services (‘Green Book’) for most employees. The National Joint Council (NJC) is a negotiating body made up of unions and local government employers – it negotiates local government pay in England, Wales and Northern Ireland.
  - Chief Executive and Chief Officer pay arrangements for strategic heads of service, Assistant Directors and Corporate Leadership Team members.
  - Soulbury Officers (‘Blue Book’) for educational psychologists and school improvement professionals (*Schoolteachers are employed on statutory teacher pay and conditions*).
- 4.3. Since Vesting Day, the pay and grading project team have been negotiating and consulting with the council’s recognised Trade Unions on the outstanding pay, terms and conditions; as well as regularly briefing the Corporate Leadership Team, the Executive, elected members and employees.
- 4.4. The pay arrangements proposed in this paper have also been considered by the Corporate Scrutiny Committee on 15<sup>th</sup> August 2023, who have recommended that this be approved by Council, the decision maker for this matter.
- 4.5. Developing a new pay structure and accompanying set of terms and conditions is an incredibly complex undertaking, especially in a large organisation that has a considerable number of roles and services. The first task was the design of a job family framework to underpin a sustainable pay

and grading structure. In simple terms, the job family framework orders all the roles across the council into a distinct number of job families. The council proposes 9 job families and all current roles (except for Soulbury and Teacher roles) fit into at least one of these job families.

- 4.6. A job family is a group of roles with similar characteristics, which are engaged in similar type work, for example, business administration. There will be different levels of role within each family depending on the level of accountability, skill and competence the role requires. To measure this objectively, it is necessary to use a job evaluation scheme.
- 4.7. Job evaluation is a method that is used to determine the relative size and the level of jobs across an organisation. The aim of job evaluation is to compare jobs with each other to create a pay structure that is fair, equitable, and consistent for everyone. It helps organisations to pay the same salary for work of equal value.
- 4.8. Prior to unitary, the shadow council agreed to adopt two job evaluation schemes, the NJC evaluation scheme for most roles and the HAY evaluation scheme for senior roles.
- 4.9. A summary of the proposed job families for NNC can be found in **Appendix A** to this report.
- 4.10. The NNC proposed pay structure has 17 levels, which cover every role, with level 17 being the Chief Executive role. This translates to 17 pay grades/bands and within each pay band, there are incremental pay points, designed so that employees can develop and grow in their role.
- 4.11. The pay structure was designed with several key principles in mind:
  - the number of steps in the pay bands reflects a best practice pay and grading structure, the organisational structure and the scope and responsibilities of the roles at each level
  - a clear gap between each pay band to provide:
    - a notable increase in pay when taking on a role with bigger responsibilities;
    - encouragement to progress a career with NNC through supporting clear career pathways;
    - a competitive pay structure to attract and retain employees as part of our commitment to being an employer of choice; and
  - one consistent and transparent pay scale that extends beyond NJC and covers all roles within our organisation up to and including the Chief Executive.
- 4.12. The national NJC pay spine currently starts at spinal column point 2 (£20,441 per annum (£10.60 /hr) and stops at spinal column point 43, and employers who adopt the national pay arrangements have some flexibility to determine which pay points they adopt and where they wish to start and end their pay spine.

- 4.13. The NNC proposed pay scale starts at £21,575 per annum (£11.18 / hour). This is based on 2022 pay values as the 2023 NJC pay award not yet agreed at the time of writing. This is equivalent to spinal column point 5 on the national NJC pay scale. Benchmarking through looking at neighbouring councils, indicates many start their pay structures at the equivalent of NJC SCP 3 and 4 (£10.79 /hr and £10.98 / hr). Furthermore, the (statutory) national living wage is £10.42 and the foundation living wage is £10.90 at the time of writing. Starting at a higher spinal column point of (£11.18 / hour) in the NNC pay spine will provide a competitive advantage in recruiting and retaining talent in the organisation, as well as supporting employees at the lower end of the pay-spine.
- 4.14. A detailed breakdown of the proposed pay spine is shown in **Appendix B** and the proposed terms and conditions in **Appendix C**.
- 4.15. Following job matching, employees on interim NNC pay, terms and conditions will be assimilation to the new pay structure. For any employee who sees a reduction in their salary as a result, a two-year period of pay protection will apply.

## **5. Issues and Choices**

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- 5.1. The council could choose to continue to employ people on 'interim' terms and conditions. However, this could leave the council open to equal pay claims and would therefore be considered unsustainable. Continuation of interim terms can also be de-stabilising, creating anxiety in the workforce, which can directly impact morale, retention and turnover.
- 5.2. The council could choose to start its pay spine at a lower pay point and decrease the pay differential between pay bands. However, this is also likely to impact negatively on NNC's ability to attract and retain talent; or remain competitive in the local and national staffing market.

## **6. Next Steps**

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- 6.1. Pending approval of full Council to adopt the proposed pay, terms and conditions, employees on the 'interim' terms will be moved across to the new arrangements. To do this, their job will need to be evaluated. This activity is expected to be completed by November / December 2023.
- 6.2. There are three outcomes for employees on the 'interim' terms and conditions, following assimilation to the new pay structure: pay could decrease, remain the same or increase. Where pay is proposed to decrease, a 2-year period of pay protection will apply.
- 6.3. Employees on TUPE protected terms and conditions will see no change and will remain on their current terms and conditions. Over time the council should expect more and more employees to move onto the NNC terms and

conditions as roles are transformed, employees move to new internal roles and new starters join the organisation.

## 7. Implications (including financial implications)

### 7.1. Resources, Financial and Transformation

7.1.1. Moving employees on interim terms and conditions to the proposed pay structure will require investment into the base salary budget. The annual percentage increase on this section of the pay bill (i.e. for those employees impacted) is as follows:

	Year 1	Year 2	Year 3	Year 4	Year 5
Pay and Grading Investment	4.6%	5.1%	4.6%	4.5%	4.1%

7.1.2. The Financial implications of assimilating employees who are on 'interim' terms and conditions are as below. Finance officers working on this project have produced detailed estimates of these financial implications and this work has informed the associated provisions made within the 2023/24 budget and MTFP. The following tables identify the annual movement required in the MTFP and are, therefore, cumulative. Note, these estimates are predicated on a notional implementation of 1st November 2023 although this is now likely to be 1st February 2024. This will impact the timing but not the value of the estimated associated costs.

#### High Level Costs - Assumed Implementation Date 01/11/2023

*finance and investment data based on the updated (scp5) pay structure*

	General Fund			
	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000
<b>Pay and Grading Project</b>				
Staff on interim T&C's net increase in pay including on costs (GF)	482	713	71	(5)
Staff on interim T&C's Pay Protection (GF)	43	60	(43)	(60)
Vacancies estimate (GF)	329	458	(27)	(73)
<b>Total financial impact for staff on interim T&amp;C's (GF)</b>	<b>854</b>	<b>1,230</b>	<b>2</b>	<b>(137)</b>

	Housing Revenue Account			
	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000
<b>Pay and Grading Project</b>				
Staff on interim T&C's net increase in pay including on costs (HRA)	14	26	12	3
Staff on interim T&C's Pay Protection (HRA)	11	15	(11)	(15)
Vacancies estimate (HRA)	19	21	(10)	(3)
<b>Total financial impact for staff on interim T&amp;C's (HRA)</b>	<b>43</b>	<b>62</b>	<b>(8)</b>	<b>(15)</b>

	DSG			
	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000
<b>Pay and Grading Project</b>				
Staff on interim T&C's net increase in pay including on costs (DSG)	10	14	(0)	(1)
Staff on interim T&C's Pay Protection (DSG)	0	0	0	0
<b>Total financial impact for staff on interim T&amp;C's (DSG)</b>	<b>10</b>	<b>14</b>	<b>(0)</b>	<b>(1)</b>

## 7.2. Legal and Governance

7.2.1. TUPE legislation has been considered as part of these proposals. TUPE protects employees at the point of transfer to an organisation and means that terms and conditions remain the same unless there is an economic, technical or organisational reason to change these. Usually this would be in the form of a restructure, a significant change in the role or where the employee voluntarily applies for a new role.

7.2.2. Staffing is a Council function (rather than Executive) and therefore Council is the decision maker for this matter.

## 7.3. Relevant Policies and Plans

7.3.1. This report supports the corporate plan to becoming an employer of choice

## 7.4. Risk

7.4.1. There are no significant risks arising from the proposals in this report.

7.4.2. There is a risk to the council if the proposed pay structure and terms and conditions are not implemented. These include equal pay claims and the inability to attract and retain good employees.

## **7.5. Consultation**

7.5.1. Extensive consultation and negotiations have been undertaken with the councils recognised Trade Unions, informally since April 2021, and formally between September 2022 and May 2023.

7.5.2. The proposals have also been shared with managers and employees with over twenty briefing and drop-in sessions between 13<sup>th</sup> June and 3<sup>rd</sup> August. During this time no comments or feedback have been received that relate to amending the proposed pay structure or terms and conditions. Employees have expressed concern that those on TUPE protected terms and conditions won't be harmonised onto the proposed terms and conditions, however this is constrained by TUPE legislation.

## **7.6. Consideration by the Executive**

7.6.1. As this report relates to a Council function, it has not been considered formally by the Executive. The project has however been overseen by the Leader of the Council and the Executive have been regularly briefed.

## **7.7. Consideration by Scrutiny**

7.7.1. Pre-Scrutiny was undertaken by the Corporate Scrutiny Committee on 15th August 2023. Scrutiny members welcomed the report and the recommendations contained therein and, on that basis, recommend the report recommendations in full to Council.

## **7.8. Equality Implications**

7.8.1. An equality impact assessment has been undertaken on the proposed pay structure. This has involved comparing the current pay structures inherited from the sovereign councils with the proposed pay structure with regards to gender (Percentage Female to Male Pay) and Age. The proposed pay structure is more equitable on both accounts.

## **7.9. Climate and Environment Impact**

7.9.1. There are no climate and environment impacts arising from the proposals.

## **7.10. Community Impact**

7.10.1. There is no community impact arising from the proposals.



## 7.11. **Crime and Disorder Impact**

7.11.1. There are no crime and disorder impacts arising from the proposals.

## **8. Background Papers**

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8.1. None.