



NOTTINGHAMSHIRE
Fire & Rescue Service
Creating Safer Communities

Nottinghamshire and City of Nottingham
Fire and Rescue Authority

PAY AND GRADING REVIEW (GREEN BOOK)

Report of the Chief Fire Officer

Date: 15 February 2019

Purpose of Report:

To seek agreement to the proposals for a change to the grading structure for employees employed under NJC for Local Government Services (Green Book) conditions of service, to take account of the outcomes of national pay negotiations, as recently approved by the Human Resources Committee.

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1. BACKGROUND

- 1.1 A report setting out the background and proposals to address the outcomes of the pay deal, agreed by the NJC for Local Government Services for 17/18 and 18/19, was considered and approved by the Human Resources Committee at its meeting on 25th February 2019.
- 1.2 The context to this agreement is the introduction of a National Living Wage (NLW) by the government in 2016. This set out a strategy to move toward a NLW of £9 per hour by 2020 and is applicable to all employers. The NLW applies to employees over the age of 25, although employers have discretion to apply to younger employees as part of its remuneration strategy. The Authority took a decision in 2013 to apply the NLW to all employees, except for apprenticeship roles.
- 1.3 The Local Government Association, as part of its pay negotiations for Local Government Services 2018-19, has revised pay points for the financial year commencing April 2019 to reflect the NLW minimum of £9 per hour. The pay span for “Green Book” roles will commence at £9 per hour (SCP1) rising to £23.63 per hour (SCP49). Please note that SCPs 46-49 are locally determined pay rates.
- 1.4 Each employer in the public sector must apply the increases with effect from 1 April 2019.
- 1.5 As this represents a change to terms and conditions of employment, any change will require negotiation with the relevant representative body (UNISON).
- 1.6 There are no implications for operational roles, which are covered by separate national pay negotiating processes, which already conform with the NLW rates.

2. REPORT

- 2.1 The Service implemented a local grading structure for support employees (Green Book conditions of service) following the national grading assimilation exercise in 2006. It was subsequently amended in 2008 to take account of the Employment Equality (Age) Regulations 2006.
- 2.2 The grading structure applies to all support roles and is underpinned by the job evaluation process, which applies a point scoring system to establish the size of each job role and its subsequent place in the grading structure.
- 2.3 The current grading system has nine grades, with five salaries (spinal column points) within each grade. Employees usually take five years to move incrementally through the salary points to the top of the grade. The principle of a 5-point salary progression structure reflects best practice in terms of addressing potential age-related discrimination claims. This is attached at Appendix One.

2.4 The Service appointed an external pay and benefits consultant to undertake pay modelling to review the implications of the new national pay points to the existing grading structure. This review has been considered by the Strategic Leadership Team and Human Resources Committee.

2.5 The principles the consultant considered within the review set out that:

- The revised grading structure should have no more than 6 pay points, ideally 5 to reflect the existing grading bands - to comply with equality legislation;
- There should ideally be no overlapping salary points between grades – to avoid the risk of equal pay claims;
- That the erosion of differentials between grades should be kept to a minimum, to maintain pay differences between jobs of different sizes;
- That the proposals were affordable;
- That the proposals should be equality impact assessed to ensure that there were no significant adverse impacts by gender or age.

2.6 The impact of simply applying national pay points (Option 1), without reference to the current local grading arrangements, does not meet the majority of the principles set out above. Most significantly they lead to grades with a varying number of pay points in each grade (between 3 and 11) overlapping salary points between grades and differential impacts. This is set out in the table below:

Current - 2019									
Grade	Min	Max	Min	Max	Inc	Span (£)	Span (%)	Overlap (£)	Overlap (%)
Grade 1	1	3	17,364	18,065	3	701	4.0%		
Grade 2	5	8	18,795	19,945	4	1,150	5.9%	44	0.2%
Grade 3	6	11	19,171	21,166	6	1,995	9.9%	351	1.7%
Grade 4	12	22	21,589	26,317	11	4,728	19.7%	599	2.5%
Grade 5	20	26	25,295	29,636	7	4,341	15.8%	151	0.5%
Grade 6	27	32	30,507	34,788	6	4,281	13.1%	0	0.0%
Grade 7	33	37	35,934	39,782	5	3,848	10.2%	0	0.0%
Grade 8	38	44	40,760	46,527	7	5,767	13.2%	0	0.0%
Grade 9	45	49	48,506	53,573	5	5,067	9.9%		

The overall cost of applying this model is £137k (£170k including on-costs) in 2019-20, with a full 5-year cost equating to an increase of 3.3% overall.

2.7 An alternative option (Option 2) was presented which met the principles set out in Paragraph 2.5 and resulted in a grading structure with five salary points in each grade, fairly consistent salary spans within each grade and less differential impact. The cost of this option is an additional £7k (£8.7k including on-costs) in 2019/20, with a full 5-year cost equating to an increase of 4.3% overall:

Option Two									
Grade	Min	Max	Min	Max	Inc	Span (£)	Span (%)	Overlap (£)	Overlap (%)
Grade 1	1	5	17,364	18,795	5	1,431	7.9%		
Grade 2	5	9	18,795	20,344	5	1,549	7.9%	0	0.0%
Grade 3	9	13	20,344	22,021	5	1,677	7.9%	0	0.0%
Grade 4	18	22	24,313	26,317	5	2,004	7.9%	0	0.0%
Grade 5	22	26	26,317	29,636	5	3,319	11.9%	0	0.0%
Grade 6	28	32	31,371	34,788	5	3,417	10.3%	0	0.0%
Grade 7	33	37	35,934	39,782	5	3,848	10.2%	0	0.0%
Grade 8	40	44	42,683	46,527	5	3,844	8.6%	0	0.0%
Grade 9	45	49	48,506	53,573	5	5,067	9.9%		

- 2.8 Neither option results in a disproportionate impact based on gender or age.
- 2.9 It should be noted that the above figures do not include national pay increases beyond 2020, which will be factored into the normal budget setting process.
- 2.10 The review also took into account a comparison maximum salaries of each grade compared to one another and the market median for each level. This shows the Authority is above the market median in lower grades but is around the market median in higher grades. This is quite a common picture in local government and fire authorities where pay appears to be above median in lower grades and is at or just below median in higher grades. This position was consistent within both options, and ensures that the Service remains competitive in terms of recruiting and retaining employees.
- 2.11 On the basis that Option 2 meets the original principles of the grading review, and Option 1 presents a significantly different grading model to that currently applied locally and presents a greater risk of challenge in terms of potential equal pay claims, the Strategic Leadership Team supported the application of Option 2, subject to approval of the Human Resources Committee and agreement of the Fire Authority.
- 2.12 Additionally, the national pay agreement allows discretion to employers as to how the assimilation of employees takes place: Option A – assimilate the employee from the old to the new pay spine and then consider the April increment (if applicable) or Option B – award the April increment first and then assimilate the employee to the new pay spine. As there is negligible difference between application of either option, the Service has opted to apply Option A to the assimilation process.
- 2.13 As any locally applied grading structure is subject to a collective agreement, initial discussions have been undertaken with UNISON, which indicate that the proposals comply with their own national guidance on approved grading structures. The application of the proposed grading structure would therefore reduce the risk of dispute or potential for individual grievances.
- 2.14 The application of the national pay award is effective from 1 April 2019.

3. FINANCIAL IMPLICATIONS

3.1 A summary of increased costs, including on-costs, of both options is detailed in the table below:

	2019/20 Additional Cost £'000	Increase against Option 1 £'000	2024/25 Additional Cost £'000	Increase against Option 1 £000
Option 1	170		184	
Option 2	179	9	239	55

3.2 A provisional allocation of £180k has been included in the 2019/20 budget proposals to be considered as a separate item on the agenda for this meeting.

4. HUMAN RESOURCES AND LEARNING AND DEVELOPMENT BNE IMPLICATIONS

As this proposal constitutes a change to contractual pay and conditions of employment, negotiations will be undertaken with UNISON to seek collective agreement on the changes.

5. EQUALITIES IMPLICATIONS

An equality impact assessment has been undertaken on the basis of gender and age, and this shows that no particular option has a significant or detrimental impact based upon the current profile of those impacted by the proposals.

6. CRIME AND DISORDER IMPLICATIONS

There are no crime and disorder implications arising from this report.

7. LEGAL IMPLICATIONS

The Authority is contractually bound to apply the outcomes of the national pay agreement. Any proposed grading structure must be applied with due regard to equalities legislation.

8. RISK MANAGEMENT IMPLICATIONS

8.1 It is imperative that the Service applies a fair and equal pay policy to comply with equalities legislation, avoid equal pay claims and to maintain positive employee relations. The impact of pay policy impacts upon both recruitment and retention to key roles and it is therefore important to reflect sector and local pay rates and maintain effective differentials for higher level roles in any pay structure.

8.2 It is considered that Option 2 represents a grading structure which complies with the above requirements and is likely to be accepted by UNISON.

9. COLLABORATION IMPLICATIONS

The nature of localised pay arrangements means that collaboration on grading policy is difficult to achieve between different organisations, which will have established pay and grading policies and collective bargaining mechanisms already in place.

10. RECOMMENDATIONS

That Members approve the local grading structure, set out as Option 2 within this report as the basis for a collective agreement with UNISON.

11. BACKGROUND PAPERS FOR INSPECTION (OTHER THAN PUBLISHED DOCUMENTS)

None.

John Buckley
CHIEF FIRE OFFICER

PAYSCALES wef 01/04/2018

NJC Pnts	Annual		Monthly	Hrly
7	16495	GRADE 1 FAN GR1	1,374.58	8.55
8	16626		1,385.50	8.62
9	16755		1,396.25	8.68
10	16863		1,405.25	8.74
11	17007		1,417.25	8.82
14	17681	GRADE 2 FAN GR2	1,473.42	9.16
16	18319		1,526.58	9.50
17	18672		1,556.00	9.68
18	18870		1,572.50	9.78
19	19446		1,620.50	10.08
17	18672	GRADE 3 FAN GR3	1,556.00	9.68
18	18870		1,572.50	9.78
19	19446		1,620.50	10.08
20	19819		1,651.58	10.27
21	20541		1,711.75	10.65
22	21074	GRADE 4 FAN GR4	1,756.17	10.92
23	21693		1,807.75	11.24
25	23111		1,925.92	11.98
27	24657		2,054.75	12.78
28	25463		2,121.92	13.20
27	24657	GRADE 5 FAN GR5	2,054.75	12.78
28	25463		2,121.92	13.20
30	27358		2,279.83	14.18
31	28221		2,351.75	14.63
32	29055		2,421.25	15.06
33	29909	GRADE 6 FAN GR6	2,492.42	15.50
35	31401		2,616.75	16.28
36	32233		2,686.08	16.71
37	33136		2,761.33	17.18
38	34106		2,842.17	17.68
39	35229	GRADE 7 FAN GR7	2,935.75	18.26
40	36153		3,012.75	18.74
41	37107		3,092.25	19.23
42	38052		3,171.00	19.72
43	39002		3,250.17	20.22
44	39961	GRADE 8 FAN GR8	3,330.08	20.71
45	40858		3,404.83	21.18
47	42806		3,567.17	22.19
49	44697		3,724.75	23.17
50	45614		3,801.20	23.64
52	47554	GRADE 9 FAN GR9	3,962.87	24.65
54	49505		4,125.39	25.66
55	50503		4,208.61	26.18
56	51506		4,292.16	26.70
57	52523		4,376.91	27.22