

city of london

the new pay and grading system - what it means for you

The City of London Corporation is introducing a new system of pay and grading designed to be fit for the 21st century and more fairly to reward our staff.



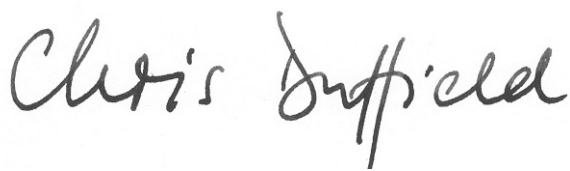
Town Clerk's introduction

We are sending this publication to every member of staff in the City of London Corporation to update you on the progress of the job evaluation review of which all of you should be aware and in which many of you will have participated. Additionally, we want to use this publication to consult you on our proposals for modernising our pay and grading structure along with dealing with existing lifetime protection payments. These proposals have been unanimously endorsed by Establishment and Policy & Resources Committees.

Members, Chief Officers and I understand that this has been a period of difficulty and uncertainty. However, we must tackle some of the inherent problems in our pay and grading systems which are not only unfair but potentially unlawful. In doing so, I want to assure you that we will do all that we can, within available resources, to minimise any potential adverse impact on staff.

I recognise the importance of this review for all of us and that is why I am writing to everyone individually rather than relying on general methods of communication. I am also putting in place a series of staff meetings which I will attend along with senior colleagues. We have to tackle these issues but we do want to consult you and seek your views on how we can best implement these changes. If you are personally affected, there will also be the opportunity for individual consultation within your department.

We want to hear your views by 18 June and you can find out how to contact us at the back of this document. I look forward to receiving your views and hope we can all make the introduction of the new system as painless as possible.



Chris Duffield
Town Clerk

What we want to achieve

Currently, the entire local government sector is undertaking pay reviews, partly in response to the need to modernise and partly to bring in fairer pay systems to ensure equal pay for work of equal value.

The City is in a better position than most other local authorities. We harmonised many grades, pay rates and associated conditions of service in the late 1990s through previous job evaluation exercises or the harmonisation agreement with the trade unions in 2000. However, we still need to review and modernise our pay and grading systems so that they are fair and reflect the jobs that staff are now doing.

Our current pay and grading system is nearly 20 years old. During this time, jobs have changed and the process of how we evaluate them has moved on. The system is creaking so we must ensure that we have the right grading and pay structures for the 21st century. The City is NOT putting these proposals forward to save money and will not do so. We will be reinvesting monies from the lifetime protections along with 'savings' from the last two pay awards as promised. In fact, the total pay bill will rise.

“The City is NOT putting these proposals forward to save money”

This document has been produced to let you know what is proposed and to enable us to get your views. As usual, when proposing major changes to the working environment, we will be consulting with the trade unions. We also want to go further and consult directly with our employees; trade union members and non-members alike.

Why this is happening now

We are a substantial way through the new job evaluation exercise and this has shown that our old job evaluation system has not coped well with the wide range of jobs within the City Corporation.

In fact, it has shown that in many instances, there is no clear differentiation between grades. At the same time we can no longer be confident that it meets the requirements of the equal pay legislation. Given that we also have to deal with pay protections, this seems the ideal opportunity to overhaul the pay and grading system - in order to modernise it and deal with these discrepancies. Our new scheme has been designed specifically for our workforce and with legislation in mind.

We currently have 19 main pay grades but there are not really that many of levels of responsibility in any organisation of our size. The incremental scales are too long and could leave us open to equal pay challenges. All of the grades overlap and the job evaluation exercise under way has revealed that it is often difficult to see a difference between some of the current grades.

As an employer, the City has always tried to be fair and offered pay protections where changes have been made to jobs. This does not happen in many other organisations. We are spending a lot of our pay budget on staff with protected salaries for things they used to do many years ago and we are already starting to see this challenged in some areas by new staff. Protecting staff on a long-term basis could be considered to be unlawful. Employers nowadays have to be able to show that they have equal pay for all staff carrying out work of equal value.

Finally, we want to link a part of our employees' pay directly to the achievement of our goals as an organisation. A majority of responses to our last staff survey said that staff wanted the opportunity to earn contribution pay ie to gain progression or to earn additional pay based on their individual contribution to the achievement of corporate goals. Simply paying people for the number of years they serve, without any regard for the contribution they make, helps neither the City Corporation nor those who want more opportunity to contribute and progress.

The proposed changes

We want to

- replace Grades 1-14 with 9 new grades, A-I, to simplify the structure and remove anomalies
- introduce a new, fairer job evaluation scheme - to ensure each job is fairly graded compared to others in the organisation
- move all our employees onto the new grading structure in October 2007 so that everyone knows where they stand
- introduce into incremental progression an element of contribution assessment in such a way that the emphasis on contribution reflects the seniority of the post, i.e. the pay of senior officers will be more reliant on contribution than for more junior ones. This meets the staff view that pay should be linked to contribution and make progression fairer
- introduce one-off non-consolidated bonus payments, earned by contribution, for certain grades of staff where this is appropriate
- move the annual pay award and incremental progression date to 1st October each year to make the process simpler
- review our Market Forces Supplements to ensure we reflect market conditions for groups of staff in particularly high demand
- review all allowances that are additional to basic pay with the trade unions
- introduce a system of protection for employees who might lose out from changes, providing full protection for three years, ensuring the changes which need to be implemented are managed as fairly and sympathetically as possible
- withdraw the lifetime pay protection for grades, for duties no longer carried out and payments which some staff receive at present, to make the system fairer and make sure staff are paid for what they are now doing.

The new grades

(excluding London weighting)

grade	increments	contribution increments	salary range £ as at July 2006*	bonus
A	4	no	11520-12600	no
B	6	no	14590-16930	no
C	6	no	19060-22100	no
D	4	2	23420-27180	up to 6%
E	4	2	27990-32430	up to 6%
F	4	2	35440-41110	up to 6%
G	4	2	49090-56800	up to 6%
H	4	2	56800-65940	up to 6%
I	4	2	67920-78740	up to 6%
senior	none	no	78740+	up to 6%

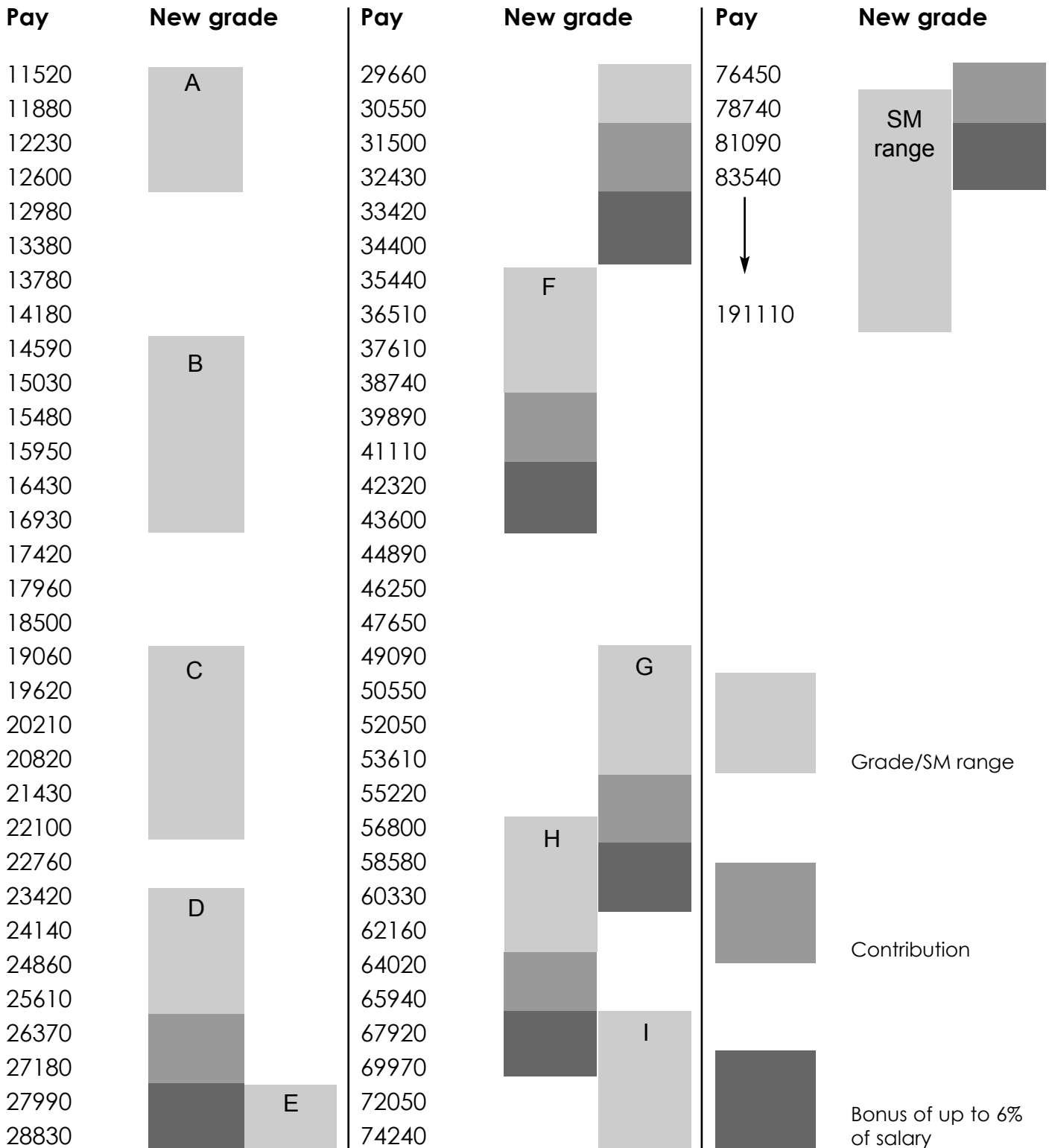
*** inclusive of contribution increments where applicable**

Most employees will move directly across to the equivalent new grades. A few people, whose job evaluation scores have gone up or down to a greater extent, may move eventually to higher or lower grades. We will use the same pay points (increments) to minimise change.

The proposed new system

Revised pay and grade structure (excluding London weighting)

NB Other pay grades e.g. residential scales, will follow the same principle as set out. Your final grade is subject to the job evaluation exercise and may change.



How this will affect you

Following the conclusion of the job evaluation exercise, everyone will be informed of their new grade in July. You will then be sent a new contract of employment to sign and return.

On 1 October everyone will move to their new grade. For most people this will be at their existing pay point. If your new grade means you are being paid more or less than before, these changes will be phased in. However, this will not **begin** until October 2008.

If you are below the bottom of your new grade, your salary increase will be phased in over the next 3 years. If you are above the top of your new grade, your existing salary will be protected on a 'mark time' basis for at least three years i.e. no cost of living increases or increments will be applied.

In June-July 2009 you will receive your first contribution assessment which will determine any incremental progression in October 2009. You will be assessed by your line manager on the following four-point scale.

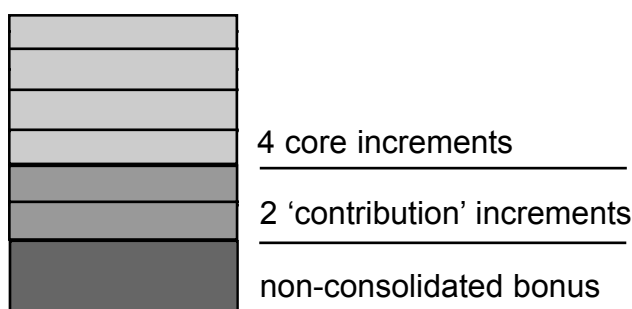
The assessment will look at your overall impact or contribution to the work of the City Corporation. It will be based upon a combination of achievement of objectives, how you have achieved these, how you have developed your skills and experience and how well you demonstrate your abilities at work and the behaviour the organisation supports. The assessment will be based on your annual appraisal and on clearly defined targets agreed in advance with you. As with the current appraisal system, these assessments cannot be used as the first indication of an employee's poor performance or conduct. Any ongoing performance issues should have already been raised under separate appropriate procedures.

Contribution Level

A	'outstanding - standard consistently exceeded'
B	'excellent - standard exceeded in some areas'
C	'expected standard met'
D	'expected standard not fully met'

Assessments will be individually checked by the manager responsible for your line manager to ensure fairness, and training will be given so this is done well. The overall pattern of assessments will be moderated to ensure consistency across the organisation.

Employees on grades A-C (equivalent to current grades 1-5) will progress on an annual basis providing they achieve an assessment of level C or better. For the first time, the lower graded staff (ie current Grade 1) will have the opportunity of incremental progression. Grades D - I will have more emphasis on a contribution assessment.



As shown, the familiar grades of eight increments will be divided into three zones. Progression through the core increments will take place on an annual basis providing you achieve a performance assessment of C or better. Progression into the two 'contribution' increments will depend upon achievement of a performance assessment of B or better. Once you reach the top increment of your scale, it will be possible to earn one-off non-consolidated bonus payments of up to 6% providing you are assessed at level A. These can be re-earned afresh each year.

For example, an employee appointed to grade D on a salary of £23,420 will (providing their assessment is at level C or higher each year) receive three annual increments, until they reach a salary of £25,610. However, to move onto the next contribution incremental point the following year, and then to the point above that in the subsequent year, they must be assessed at level B or above. Once they have reached the top incremental point, £27,180, they will become eligible for a one-off non consolidated bonus of up to 6% of salary providing they are assessed at level A.

The salaries of our top managers will be made entirely dependent on their performance. If they don't deliver they will get no pay increase.

First questions

QUESTION

ANSWER

How will I gain from the proposals?

More than a quarter of our present employees will move onto a grade where they will have the potential to earn more than they do at present. However, we don't propose to allow large immediate increases because of the need to find money to protect, for a reasonable period, any colleagues whose salaries are adversely affected. These increases will be phased in over the next 3 years.

The greater fairness and transparency in the new salary structure will ensure you are properly paid for the work you do. Some of our lowest paid staff will be able to receive increments for the first time. We will bring in a fair system of protection for staff whose salary is reduced for any reason in future.

QUESTION

ANSWER

How will I be protected?

Some staff will see the lifetime protection of old grades and payments brought to an end. These payments will be frozen in cash terms from this year and not increased by inflation. In 2010, most will be withdrawn although further protection may be considered in the event that any staff are still significantly affected.

Any staff that lose on the new pay structure will have the cash value of their current salaries protected until 2010, though, once again, more protection may be available for those who lose most.

Those staff that lose the guarantee of annual incremental progression will mostly have the potential to do just as well or better by demonstrating appropriate levels of contribution to the success of the City Corporation.

QUESTION

ANSWER

How can we know it will be done fairly?

We are trying to be fair in everything we do. In any large scale job evaluation exercise, there will inevitably be some grades that change. Those who do less well under the new arrangements will understandably tend to see them as unfair. A great deal of effort, however, has gone into ensuring that the new job evaluation system is fair to employees at all levels. To this end, the trade unions have been closely involved every step of the way, including sitting on job evaluation panels and appeals panels.

Contribution assessments will be checked by more senior managers and monitored at both departmental and corporate levels. Monitoring data will be made available to the trade unions and an equality impact assessment will be carried out at the start of the system and updated each year.

We will be running an extensive development programme to ensure managers are trained to assess staff fairly and no manager will be able to assess their staff until they have undertaken this development. Staff will also be able to attend appraisee training to ensure they understand the process and know what to expect. In addition, there will be a shadow year during 2008/09 in which managers will be asked to assess employees' contribution although no payments will be paid this year. This will be to make sure the systems are embedded properly.

The review of allowances additional to salary will take place, jointly with the trade unions over the next year, and will be implemented over the next three years.

QUESTION

ANSWER

What else is planned?

We are developing a major expansion of the staff discount scheme and aim to introduce a recognition award scheme to further recognise staff who make exceptional contribution to the work of the organisation.

Have your say

As well as consulting trade unions and management, we want to hear directly from all staff. Senior managers and Departmental HR staff have been fully briefed and any queries or comments you have can be sent via them.

You can contact your trade union representative at any time and attend one of the 'roadshows' we will be holding in June. We will notify departments of dates soon. You can also attend one of the 'one to one' sessions with departmental HR staff, for those wishing to discuss their individual positions, from July through to September.

We will be publishing additional information and Frequently Asked Questions with answers on the CoL intranet which you can access on the Corporate HR pages under HR Projects, Pay and Grading Review. Copies will also be available from your departmental HR contact.

When you have read this publication, we would welcome your views in writing (**by 18 June 2007**) or you can also raise questions at one of the roadshows.

Pay and Grading Review

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