

LONDON BOROUGH OF BRENT

GENERAL PURPOSES COMMITTEE – 22 MAY 2003 **REPORT FROM THE INTERIM DIRECTOR OF HUMAN RESOURCES**

REMUNERATION STRATEGY – **RECRUITMENT AND RETENTION &** **SINGLE STATUS**

1 SUMMARY

- 1.1 The Council's budget for 2003/2004 contains provision of £1m (with future growth built in) to meet the costs of a remuneration strategy, in particular for the introduction of Recruitment and Retention initiatives and the cost of implementation of the National Agreement on single status employment. In addition pay anomalies require action to ensure standardisation of service conditions.
- 1.2 The purpose of this report is for members to consider the allocation of the £1m growth budget in order to alleviate recruitment and retention difficulties and to determine how best to allocate remaining funds to achieve single status employment and remove pay anomalies once recruitment and retention priorities have been met.

2 RECOMMENDATIONS

That members agree the following matters subject to Executive approval of the allocation of the necessary funding from the £1m growth budget for 2003/2004.

- 2.1 That the first priority is the introduction of recruitment and retention initiatives to achieve an immediate impact on improved service delivery and a reduction in costs associated with difficulties in recruitment and retention of professional staff, at an estimated overall cost of approximately £600k in a full financial year.
- 2.2 To introduce recruitment and retention packages to staff in the following service areas:-
 - 2.2.1 Corporate Services – Legal Services. Market supplements of £5k p.a. to 3 contract lawyers for an initial 2-year period (total £15k p.a.)
 - 2.2.2 Environmental Services – A graduate scheme supporting the professional training of 4 new graduates per annum at a cost of £75k in the first year and £85k p.a. thereafter.
 - 2.2.3 Environmental Services – The application of market supplements to hard to fill posts in Planning, Building Control, Transportation, Environmental Health and Trading Standards, to be funded in part from remuneration strategy allocation as set out in the body of the report, at a cost of £130k p.a.

- 2.2.4 Social Services – Initiatives as set out in the report, at a total cost of £226k p.a. as follows:-
- Linked grades for Team Managers £18.2k
 - Community Care Service re-grading £82.3k
 - Children’s Service retention allowances £125.5k
- 2.2.5 Housing – Allocation of £40k towards recruitment and retention for Surveyors and Senior Surveyors
- 2.2.6 Education – Application of recruitment and retention payments to Education Advisor and Educational Psychologist posts where it is particularly difficult to recruit high calibre staff - £40k
- 2.3 That if and when further bids are forthcoming that fully justify the application of recruitment and retention payments as described in this report further reports to be brought to members for approval of specific initiatives up to an additional total cost of £64k.
- 2.4 To agree the harmonisation of service conditions of Housing Benefit staff transferring from EDS set out in paragraph 15 to be achieved during 2003/2004 at a cost of £156k (full year effect).
- 2.5 Agreement to a way forward on single status employment set out in paragraph 14.3, on the basis that single status, is fully achieved in April 2004, at a cost of £1.3m in the 2004/2005 financial year, and with cost implications for future years (see paragraph 17 of the report). A breakdown of the costs is as follows:-
- 2.5.1 Incremental progression for former manual workers - £120k p.a.
- 2.5.2 Introduction of a 36 hour week at a cost of £500k p.a.
- 2.5.3 Adoption of the current former manual worker level of London Weighting of £2013 p.a. and freeze the protected Inner London Weighting at the current level. The annual cost would be £677k.
- 2.6 As part of the negotiations towards achieving single status to remove pay anomalies where these are identified, in particular the ending of the current bonus incentive schemes and the termination of existing weekly pay arrangements.
- 3 FINANCIAL IMPLICATIONS**
- 3.1 The financial implications are contained in the body of the report.
- 4 LEGAL IMPLICATIONS**
- 4.1 Implementation of the decisions this report recommends in respect of the Single Status Agreement, London Weighting and changes to the working hours will require changes to be made to the contracts of employment of council employees.

- 4.2 As it is envisaged that the assimilation onto the Single Status Scale and the proposals in respect of hours of work will not adversely affect any employees, there is little risk of legal challenge in respect of these proposed changes.
- 4.3 The proposals in respect of London Weighting presents greater risks of dispute if it does not prove possible to reach agreement locally with the trade unions.
- 4.4 In respect of the recruitment and retention strategy and the plans to remove existing pay anomalies, pay differentials between staff carrying out work of equal value or which have been assessed as having the same grade under the Council's job evaluation scheme are open to challenge under the Equal Pay Act.
- 4.5 It is important that payments made to staff that reflect difficulties in recruitment and retention are kept under constant review to establish that their continued payment is justified on objective grounds. Such payments should be made on the basis that the Council has the contractual right to keep these payments under review in the light of labour market conditions and to end or vary them at its discretion in the light of the review. The need for transparency and consistency has become more pronounced with recent legislative change that allows employees to issue questionnaires to ascertain how much other employees are paid.

5 RECRUITMENT AND RETENTION

- 5.1 The importance of long term measures to ensure the continued employment of high calibre employees, particularly through strong management support systems must not be forgotten. In the short term, however, there is an immediate pressing need to introduce measures to ensure competitiveness and responsiveness to market conditions in order to attract and retain key staff.
- 5.2 The option of a number of recruitment and retention allowances would enable the Council to compete more favourably with the market to recruit to hard to fill posts. These are
- a) Market supplements
 - b) Retention payments
- 5.3 Market supplements are payments in addition to remuneration for the evaluated grade of a post based on actual salary levels paid by competing employers in both the private and public sector. Retention payments would be in the form of a single additional payment after a specified period of employment.
- 5.4 The reasons for concentrating on the introduction of market supplements and retention payments as recruitment and retention mechanisms are as follows: -
- There is an immediate demand
 - They can be focused on a small number of key hard to fill posts, and are therefore comparatively affordable

- The introduction of market supplement and retention payments can be readily achieved, once the criteria for introduction have been met
 - As long as rigorous market criteria are adhered to, the number of recruitment and retention supplements applied can be limited and costs contained
 - With proper contractual terms, market supplements can be responsive to market changes
- 5.5 In order to justify a market supplement or recruitment payment, a Service Area would need to demonstrate all of the following:
- a) The key nature of the jobs
 - b) Inability to recruit or retain staff at the salary level offered
 - c) Consistently higher salaries for the same work paid within the market place
 - d) Alternative arrangements to cover the work were more expensive than applying a market supplement and providing an in-house capacity
- 5.6 Any market supplement proposal should be for a specified period of time (e.g. 1 to 2 years) after which the supplement would be reviewed with a view to a further payment (time and level to be determined according to the market) or should cease if market conditions no longer justified the payment.
- 5.7 Where these criteria are met, and with the approval of the Chief Executive, a report to the General Purposes Committee would be prepared, setting out the reasons for recommending a market supplement to individual posts or posts within a particular category of work, together with level of payment and length of time the supplement would apply for. Any potential knock-on effects should be carefully considered before recommendation.
- 5.8 Because of an urgent need to apply a market supplement to Contract Lawyer posts, a pilot scheme is being undertaken in Legal Services to determine the effectiveness of a market supplement, based on market information, and with a model contract term being drawn up, specifying the reasons for the payment, its duration, and its termination after a specified period unless a further market supplement can be justified at that time (again time limited). This will be of value, not only in determining effectiveness in terms of recruitment, but also providing a template for any future market supplement contracts.
- 5.9 In addition to Legal Services, both Environmental Services and Social Services have identified an immediate need for introducing a market supplement as one of the measures enabling recruitment to key posts where repeated recruitment campaigns have been unsuccessful.

6 LEGAL SERVICES R&R INITIATIVE

- 6.1 Because of continuing difficulties in recruiting contract lawyers, the introduction of a market supplement of £5k p.a. for two years is proposed. The market supplement would be subject to review, and legal services are preparing the

necessary documentation to ensure that the market supplement does not become an on-going contractual term. It is intended that this documentation would be applied whenever market supplements are introduced. The cost of the initiative will be £15k in a full financial year, with a commitment for two years.

7 ENVIRONMENTAL SERVICES

7.1 Environmental Services are proposing market supplements of up to 10% of salary, depending on the degree of difficulty being experienced in filling key professional posts. Increasing difficulties are being experienced in recruiting

- Professional planning staff
- Professional and fully qualified staff in: -

Environmental Health
Transportation (Civil Engineers)
Trading Standards
Building Control

7.2 Evidence of recruitment difficulties is widespread, examples being: -

- Full time posts vacant in planning, including 4 Principal Planning Officers
- Team Leaders – Environmental Monitoring post, advertised twice before appointment
- Trading Standards Officer – advertised twice
- Structural Engineer/Surveyor – 1 applicant for two posts
- Environment Health Officer – poor response

7.3 From exit interviews it is apparent that staff tend to move from Brent to other authorities for increases in salary, rather than other issues. Many other London Boroughs provide pay packages well above those applying in Brent.

7.4 Long term training and development initiatives have been introduced, or are being developed. A graduate scheme, training four new graduates a year in management as well as professional skills is to be introduced this year, at a cost of £75k. In future years the cost will be £85k per annum. In addition, in order to retain existing staff as well as recruit, market supplements and 'golden hellos' are regarded as a necessity, and supplements of 10% of salary are envisaged.

7.5 The Director of Environment seeks flexibility in the application of market supplements within certain specified categories of staff, where the need for a market supplement can clearly be demonstrated. The cost of such supplements can be met in part from grants, or fees.

7.5.1 Market supplements for approximately 20 planning staff are required. These can be funded by grants

7.5.2 Posts in Transportation have been identified where market supplements are necessary as a recruitment and retention mechanism.

50% of the cost can be met from Mayor of London's funding provision, leaving £60k p.a. to be allocated from the growth budget

7.5.3 Supplements for hard to fill posts in Environmental Health, Building Control and Trading Standards would require full funding, at a cost of same £70k p.a.

7.6 The total funding requirement for Environmental Services would therefore be £205k rising to £215k per annum.

8 HOUSING SERVICES

8.1 Technical staff within Private Housing Services have both a statutory enforcement role and grant giving responsibilities. This work is carried out in most cases by qualified surveyors. The enforcement section of Private Housing Services has an establishment of 8 surveyors of which 4 are vacant. There have been repeated unsuccessful attempts to recruit and vacancies are currently filled by agency staff. Similarly the grants and contract section has an establishment of 8 surveyors, only 4 of which are filled by permanent staff.

8.2 The cost of recruitment and retention payments to 16 surveyor posts and to senior surveyors is estimated to cost £80k p.a. Because these posts are partly funded by grant income, it is proposed that 50% of the cost of recruitment and retention payments be borne by the general fund. A total of £40k p.a.

9 SOCIAL SERVICES REMUNERATION BUDGET BID

9.1 The Social Services Department wishes to implement four, new recruitment and retention initiatives in the 2003/4 financial year. These are:

9.1.1 The grading of Community Care Service social work staff to the same level as Children's services social work staff

9.1.2 The introduction of a linked grade for all social work team managers of PO4/5

9.1.3 The introduction of retention allowances for Children's Services social workers who remain in Brent employment

The justification for these initiatives together with more detail about them is set out below:

9.2 The Re-grading of Community Care Service Social Work Staff

9.2.1 It is proposed to make the same improvements to the grading of social work staff in Community Care as were made for social work staff in Children's Services in October 2001. It has become apparent that the same recruitment and retention difficulties exist in Community Care as exist in Children's Services, although these problems in Children's Services are considerably worse

9.2.2 This decision affects some 80 staff including 14 part-timers and relates to care managers, senior practitioners, approved social workers and approved senior practitioners. Care managers to be re-graded to a linked grade of SO2/PO1/PO2. Senior practitioners to be re-graded to PO3 and approved social workers increased proportionately to

maintain a two increment differential above the standard rate to recognise their additional qualification and the complexity of work involved. All but two Community Care team managers have already been re-graded to PO4, which is the Children's Services standard

- 9.2.3 The Community Care Service has not been characterised by as great a turnover in its social work staff as in Children's Services but where vacancies occur, managers have reported difficulty in recruiting. Care managers and approved social workers are specialist staff who are in short supply. This is especially true of approved social workers who hold an additional qualification for approved status and who are much in demand by local authorities
- 9.2.4 The ability to retain these employees by paying salaries which are competitive in the marketplace is essential, because of the high cost of recruiting replacements and also because of the high cost of agency staff should it be necessary to provide cover for vacant posts where replacements cannot be found. It is also important to retain good staff to ensure continuity of service to users
- 9.2.5 The Department wishes to place all its social work salaries within the upper quartile of salaries paid by London local authorities to maintain its competitiveness in the London labour market. If this does not happen, our staffing situation will worsen

9.3 The Introduction of a Linked Grade for Social Work Team Managers of PO4/5

- 9.3.1 This proposes an extension of the grade for team managers from PO4 to PO4/5
- 9.3.2 This affects some 21 team manager posts across Social Services
- 9.3.3 In Children's Services, the ability to recruit and retain high-calibre team managers is critical for continued improvement in Children's Services and to provide high-quality services for children in need. The Service has not to date, maintained a full establishment of permanent team managers and has averaged six to eight permanent appointments out of an establishment of 12 posts. This tends to place a burden of responsibility on service unit managers and senior social workers for day-to-day decisions affecting social work teams and affecting children and families
- 9.3.4 In Community Care, it is equally important that high quality services are provided for vulnerable adults. Difficulties in recruiting team managers have been experienced when vacancies occur
- 9.3.5 The Department wishes to reduce its dependence on agency team managers who are expensive by recruiting more permanent team managers
- 9.3.6 The recruitment of permanent team managers will in turn enhance the recruitment and retention of permanent social workers as it will be possible to provide the level and quality of support they need

- 9.3.7 Brent employed team managers can be further developed into more senior positions in the Department, as they are permanent staff. This will improve planning and the quality of services provided
- 9.3.8 Team managers in Children's Services were re-graded from PO3 to PO4 on October 1st 2001 and in Community Care within the last eighteen months. Since then, many London authorities have caught up with and in some instances, overtaken Brent in their remuneration packages for team managers. There is now a need for us to develop a package that gives real opportunity for longer-term career development. This is not only for our existing team managers but also for those who may be attracted to working for Brent as an employer of choice
- 9.3.9 The Department wishes to place its team manager salaries within the upper quartile of salaries paid by London local authorities to maintain its competitiveness in the London labour market. This is necessary to retain our existing, experienced team managers

9.4 The Introduction of Retention Allowances for Children's Services Social Workers who remain in Brent Employment.

- 9.4.1 The ALG social work salary survey also demonstrated that a number of London authorities are using retention allowances to keep their experienced staff
- 9.4.2 These payments give flexibility inasmuch that they are not linked to job evaluation and allow the Department to recognise special factors such as tight labour market conditions, labour shortages and market rates
- 9.4.3 Press recruitment advertising, anecdotal evidence and survey data suggests that since the re-grading of Children's Services social workers in October 2001, other London authorities have caught us up and in some instances, overtaken us with regard to Children's Services social work salaries
- 9.4.4 Anecdotal evidence also suggest that some of our existing Children's Services social workers may be tempted to leave Brent shortly for other London authorities where salaries are higher
- 9.4.5 Turnover of Children's Services social workers tends to be higher than for Community Care Service social workers. This is due to the stresses associated with jobs in Children's Services and the particular complexity of the work involved. Also, the demand from other boroughs, who are continuously finding the means to source their social workers from their neighbours
- 9.4.6 To maintain its competitiveness in the labour market and to ensure that its staffing situation does not worsen the Department wishes to introduce a retention allowance to be paid to each, permanent Children's Services social worker on the following basis.
- A 'no-strings' payment of £1200 in April 2004, to social workers with at least 12 months employment. Thereafter £1200 annually on the

1st April provided the social worker has been working for Brent Children's Services for the twelve months preceding a payment

- The payments to be kept under review in the light of changing labour market conditions and that the Council can end or vary them at its discretion

9.5 The cost of these initiatives is estimated as follows: -

Community Care Service re-grading	£82.3k
Children's Service retention allowances	£125.5k
Linked grades for Team Managers	£18.2k
TOTAL	£226K

10 EDUCATION DEPARTMENT

10.1 The Director of Education reports difficulty in recruiting Education Advisors. There are 8 such posts and the introduction of market supplements to these posts are required to encourage the recruitment and retention of high calibre staff providing essential support and guidance to schools. An allocation of £40k is recommended to meet this requirement.

10.2 Educational Psychologists are also difficult to recruit and the Director of Education is keen to introduce an entry scheme for prospective Educational Psychologists at an estimated cost of £60k. A detailed scheme needs to be developed, and a case maybe made for funding from the allocation for future bids (see paragraph 11 below).

11 FUTURE BIDS

11.1 Bids have not been accepted for Auditors or Librarians on the basis they are not considered high enough priority, but there is a potential future requirement for recruitment and retention payments in Legal Services, IT, Property and Committee Services, although specific provision is not being sought immediately. Similarly an entry scheme for Educational Psychologists could be a high priority (see paragraph 10.2 above).

11.2 A further £64k is recommended to be made available in order to meet the cost of future bids in full or in part as and when they arise on the basis that these bids would need to be fully justified. A total of £600k would therefore be provided for recruitment and retention payments. Any bids beyond this level of expenditure would require re-prioritisation of all recruitment and retention initiatives.

12 SINGLE STATUS

12.1 The National Agreement on single status was arrived at in 1997 with the intention of removing the distinctions between 'manual' and 'officer' grades, and achieving equality of treatment and equal pay for work of equal value throughout Local Government employment, through the harmonisation of terms and conditions of service for all local government employees.

- 12.2 In order to achieve harmonisation and comply with the single status agreement, certain key objectives must be achieved by all local authorities:-
- 12.2.1 The introduction of a single pay spine, together with common criteria for measuring and evaluation of jobs
 - 12.2.2 Harmonisation of the working week
 - 12.2.3 In London, the removal of London Weighting differentials between junior manual and APT&C employees
 - 12.2.4 Ensuring local pay initiatives meet 'equal value' criteria in their application
- 12.3 At the meeting of the Greater London Provincial Council held on 31st October 2002 (Chair, Cllr Ann John) it was agreed that in relation to low pay, single status needed to be given an increased impetus in an attempt to find a way forward on dealing with pay issues at the lower end of the pay spine, and any work needed to encompass borough's approaches to taking forward issues relating to equal pay.
- 12.4 Single status is therefore seen as an important mechanism for tackling concerns about low pay as well as ensuring equal pay for work of equal value, and the harmonisation of service conditions.

13 SINGLE PAY SPINE

- 13.1 Central to the Single Status agreement is the intention that local government employees should have the value of their jobs assessed by the same mechanisms, which is a revised job evaluation scheme that can be applied across the range of local government service. A London scheme has been developed which has been adopted by this council. Using the new job evaluation scheme, all posts can be allocated to spinal column points within the new pay spine. The pay spine itself is open to local negotiation, but implicit in any revised pay structure will be the application of annual incremental progression through the revised grades.
- 13.2 In considering the design of the pay spine, the need to disturb the value of existing grades as little as possible has been a significant consideration for two reasons
- 13.2.1 Brent is not in a position to undertake a significant re-evaluation exercise of existing APT&C posts
 - 13.2.2 To contain costs
- 13.3 The main costs associated with the introduction of the single pay spine arise from
- a) Re-grading of former manual workers (overall cost subject to negotiation)

- b) Former manual workers being eligible for incremental progression (estimated cost £100-120k p.a. with an accumulative effect of £360-480k)

Costs arising from these factors will be incurred whatever pay spine is adopted. There are however, variations in the number of incremental points, and the eradication of overlapping scales which also have cost implications and which are negotiable.

- 13.4 A number of possible models for the new pay spine have been discussed with the trade union side. It is clear that their priority is for a pay spine which does not disadvantage the lower paid employees in any way, and which provides the same opportunities for incremental progression as for the other grades. This is recommended at a cost of £120k each year for 4 years (see appendix 1).

14 STANDARD WORKING WEEK

- 14.1 The present position in the London Borough of Brent is that former APT&C employees are either on a 35 hour week on a protected basis, whilst new starters since 1st April 1999 are in a 37 hour week. Former manual employees are also contracted to a 37-hour week.

- 14.2 The National Agreement provides for a standard working week for full time employees of 37 hours (36 hours in London). Arising from national negotiations, there is a commitment to achieve the standard 36-hour working week in London by April 2004.

- 14.3 Within the context of the requirement to achieve a 36-hour working week by April 2004, there are three main options open to the Council:

- 14.3.1 To harmonise the hours of all employees with those contracted to a 35-hour week, at an estimated cost of £1.3m assuming additional resources to cover all hours lost

- 14.3.2 To introduce the 36 hour working week whilst protecting those contracted to a 35 hour week, at an estimated cost of £700k, again assuming the need to replace all hours lost

- 14.3.3 To achieve a 36 hour working week for all, which because of the removal of the contracted 35 hour week, would be cost neutral

- 14.4 The introduction of a universal 35 hour week should prove an effective recruitment and retention measure. The estimated cost of £1.3m to introduce this measure is high, and fails to meet the objective of targeting financial resources to respond to specific areas of recruitment and retention difficulty. Some of the reduction in hours could be absorbed, reducing the overall cost, and an estimate is being sought. This option remains, however is expensive, and is not recommended.

- 14.5 The standardisation of a 36-hour week for all would be cost neutral, but requires the removal of the existing protection to those contracted to a 35-hour week. This could be achieved either through joint agreement, which implies

sufficient inducement to achieve the change, or a unilateral variation in contractual terms which would be procedurally difficult, and could be damaging to the employee relations climate. Continued protection for those currently working a 35-hour week is therefore proposed.

- 14.6 The introduction of the 36-hour week has to be achieved by April 2004. The cost of £700k is calculated on the basis of having to replace the hours lost with additional resources. Whilst this would be true in Social Services, Education and Environment, other departments could in practice absorb some of the loss of hours, thereby reducing the estimated cost. Provision of £500k for a full year effect should be sufficient. It is recommended that the 36-hour week be introduced in April 2004, in accordance with the terms of the National Agreement, whilst protecting those currently contracted to a 35 hour week.

15 LONDON WEIGHTING

- 15.1 There are currently three London Weighting levels paid to employees in Brent:

- a) Inner London Weighting of £2,751 p.a. paid to former APT&C employees appointed before 1st April 1999. The London Weighting increases for inner London are applied to eligible employees in a protected basis, rather than freezing the allowance as a monetary sum.
- b) Former manual employees continue to receive the London weighting applicable to manual workers. Currently this rate is £2,013 p.a.
- c) Employees appointed to non-manual posts since April 1999 receive Outer London weighting rate, currently £1,464 p.a. This includes existing employees who are appointed to higher graded posts as a result of re-organisation. It is estimated that at least 40% of officers are currently in receipt of Outer London Weighting. The remainder receive Inner London Weighting on a protected basis.

- 15.2 The trade union side has been organising a programme of industrial action in support of a London Weighting claim of £4,000 p.a. across the board. This has been resisted on the grounds of cost (estimated at £6.28m p.a. for Brent alone). Secondly there was an agreement to consolidate the London Weighting into the new pay spines from April 2000, with future pay award increases in line with the NJC annual pay award.

- 15.3 Options leading to the eventual harmonisation of London Weighting include:

15.3.1 Waiting for the outcome of provincial negotiations. This would be a delay rather than a solution. The outcome is also very uncertain. The employees could insist that the matter be resolved locally. Even if a national agreement were forthcoming, the cost and the timing is unknown

15.3.2 The cheapest option available would be to adopt the Outer London Weighting level for all new employees, and protect both the manual London Weighting as well as the inner London Weighting as at present. A variation could be to protect both in monetary terms, freezing the payments at the current level so that eventually there would be harmonisation of London Weighting

15.3.3 Raising the Outer London Weighting level to the rate currently applicable to manual workers (£2,013 p.a.) would achieve a degree of harmonisation at a cost of £677k p.a. Whether this solution would be sustainable in the longer term is debatable. Much would depend on the negotiations at provincial level

15.3.4 A decision for Brent to apply the current Inner London Weighting for all would cost an additional £1.93m. The advantage would be in terms of competitiveness with neighbouring boroughs but would be vulnerable to any further increase in London Weighting agreed Nationally/Provisionally, and is not a realistic option in terms of affordability

15.3.5 A local agreement which determined a single level of London Weighting, at the current manual, level, could be accompanied with an agreement locally that thereafter, the London Weighting element would be linked to the nationally agreed annual pay award. The cost implications would be £677k. This is the preferred option, if this can be achieved together with joint agreement to the freezing of the protected Inner London Weighting at the current monetary level

16 SINGLE STATUS – CONCLUSION

16.1 The introduction of Single Status cannot be indefinitely delayed, and until achieved the authority is vulnerable to claims of equal pay for work of equal value. Its introduction can provide a framework on which future R & R initiatives can be developed.

16.2 The costs associated with the introduction of Single Status can be high, depending on the option chosen. Costs identified within the body of the report are summarised below:

16.2.1 Single Pay Spine

- Re-grading of manual worker posts (associated costs & savings subject to negotiation)
- Incremental progression (where none existed before) £100-£120k.pa
(£360-£480k accumulative)

16.2.2 Standard Working Week

- Harmonisation to 35 hours £1.3m
- 36 hour week & protection (preferred option) £500k
- 36 hour week for all
(Implies variation in contractual term) Cost neutral

16.2.3 London Weighting

- Trade union claim for £4k £6.28m
- Adopt current inner London Weighting £1.93m
- Outer London Weighting & protection Cost neutral
- Adopt current 'Manual' rate for all £677k
(Preferred option and freeze Inner London Weighting)

16.3 The following options for achieving single status are proposed: -

16.3.1 Re-grading of manual worker posts – to be absorbed in existing departmental budgets

16.3.2 Incremental progression – provision of £120k per year from April 2004 with introduction of the new pay spine

16.3.3 Introduction of 36 hour week – provision of £500k, to be implemented in April 2004

16.3.4 Adopt current “manual worker” London Weighting rate of £2,013 and freeze protected Inner London Weighting at a cost of £677k, to be implemented in April 2004

N.B. The cost of £677k would decrease in future years with the freezing of Inner London Weighting. It is anticipated that equalisation would be achieved in 10 Years.

16.4 Total full year cost of introducing single status - £1.3m in the 04/05 financial year, increasing to £1.6m in 07/08 (see paragraph 19).

17 REVENUE AND BENEFITS - PAY ANOMALIES

17.1 The Revenues and Benefits service was outsourced to EDS on 1 May 1995 for an 8-year period. The period of outsourcing led to a number of fundamental changes to the way in which the service was provided and the way in which staff were organised. The most significant of these was the introduction of document imaging and work flow management in 1996 which resulted in a significant reduction in staff numbers through voluntary redundancy.

17.2 A number of staff who had transferred under TUPE to EDS, chose to voluntarily move to EDS standard terms and conditions. In doing so they became entitled to non-financial benefits such as private health insurance and dental cover however relinquished their contractual right to the terms and conditions protected by TUPE. There are a number of fundamental differences between the EDS standard terms and conditions and Brent's, the most significant relate to non salaried benefits such as Health care cover and differing arrangements for pay increases.

17.3 Under the EDS standard terms and conditions there is no automatic right to an annual pay increase. In practice, increases were only awarded by EDS on the basis of individual negotiation with managers. This has meant that many of the staff who transferred to Brent on 1 October 2003, had not received pay

increases on an annual basis and some had not received increases for a number of years. This arrangement has created pay anomalies between those staff who voluntarily changed to EDS standard terms and conditions and those who remained protected by TUPE. This can vary from £15 K to £25 K for doing similar work.

- 17.4 There are further anomalies existing between staff recruited by EDS direct and those that transferred under TUPE. In the main EDS recruited new staff at salaries which were significantly below the rates paid to TUPE transferred staff. This has created significant pay differences between different groups of staff carrying out similar duties. The anomalies have been further exasperated because staff who were promoted or accepted new or additional responsibilities, did not have their salaries automatically reviewed.
- 17.5 The third area of anomaly relates to the hiring of agency staff. EDS relied heavily upon agency staff to resource the call centre and a number of Housing Benefit assessor posts. Agency staff accounted for over 30% of the staff taken over by Brent on 1 October 2002. In the call centre, over 60% of the staff were employed through an agency. Agency rates of pay are in general below that attracted by permanent members of staff.
- 17.6 It can be seen that there are a large range of pay anomalies relating to the staff who transferred to Brent on 1 October. Approximately 100 staff (including agency) transferred on that date, with a further 25 transferring due to transfer on 1 May 2003. A breakdown of these is as follows :
- Approximately 33 staff – with protected Brent terms and conditions
 - Approximately 42 staff – with protected EDS standard terms and conditions
 - 1 member of staff with protected Wandsworth terms and conditions
 - 1 member of staff with protected Royal Bank of Scotland terms and conditions
 - Approximately 32 agency staff (20 customer services, 12 assessment)

Anomalies are not limited to pay but also cover: annual leave entitlement, sickness pay, hours of work, entitlement to flexi time and a range of other issues.

- 17.7 There is an urgent need to resolve these anomalies as quickly and as fairly as possible. The anomalies are a major source of staff dissatisfaction and there is an expectation that Brent will resolve them sooner rather than later. An organisational restructure is planned to be implemented from 1 October 2003 and it is intended that new Job descriptions will be drafted for every member of staff and referred to the Council's job evaluation service. In advance of this, some new Job descriptions have been finalised for recruitment purposes and where possible existing staff will be able to change to this new JD in advance of restructure. Finally, staff on standard EDS terms and conditions have been invited to voluntarily change to Brent's terms and conditions from 1 April 2003. It is clear that there will be a cost attached to each of these actions and the total cost is estimated to be £155,709.

18 PAY ANOMALIES

- 18.1 Bonus schemes currently in operation in Brent cover employees in the following areas of work: -

Brent Transport Services	(90 employees affected)
Parks	(48 employees affected)
Cemeteries	(12 employees affected)
Brent Building Cleaning	(28 employees affected)
Building Control Consultancy Services	(18 employees affected)

- 18.2 There is a risk of equal value claims arising through the continuation of bonus schemes which cannot be justified as operationally related to the specific work requirements of the units concerned. Apart from Building Control Consultancy Services, all staff benefiting from bonus schemes are manual grades which will need to be examined under the revised pay and grading review. Costs associated with improved grading should be offset by the removal of bonus. Savings of some £300k can be achieved to offset against the cost of re-gradings, which will be the subject of future negotiations with the trade union side.
- 18.3 91 employees remain on the weekly payroll. Savings can be achieved with the elimination of the weekly payroll, which is expensive to administer, and with the introduction of single pay, the introduction of a single method for payment of wages is recommended.
- 18.4 The introduction of market supplements will obviate the need to provide fringe benefits to individual members of staff, particularly cash equivalent car allowances. It is recommended that in future the provision of lump sum car allowances be discontinued. Although the provision of cars under the car leasing scheme has ended, work should be undertaken leading to the eventual elimination of cash equivalent car allowance. Continued efforts should also be made to remove performance related pay where these continue to exist (reduced to approximately 20 cases).

19 CONCLUSION

Continued overleaf

19 CONCLUSION

19.1 A table setting out the financial implications for the years 2003-2008 of introducing the recommended packages of recruitment and retention initiatives, as well as the costs associated with the harmonisation of conditions of service in EDS, and the costs of implementing 'single status' employment are set out below:

	2003/04 £k	2004/05 £k	2005/06 £k	2006/07 £k	2007/08 £k
Single Status					
Hours	-	500	500	500	500
London Weighting	-	677	677	677	677
Single Pay	-	120	240	360	480
Total for Single Status		1,297	1,417	1,537	1,657
Recruitment & Retention	590	600	600	600	600
Revenue & Benefits	156	156	156	156	156
	746	2,053	2,173	2,293	2,413

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