

London Borough of Bromley

Report No.HR15001

PART I – PUBLIC

Agenda Item No.:

Decision Maker: General Purposes & Licensing Committee

Date: 10th February 2015

Decision Type: Non-Urgent Non-Executive Non-Key

TITLE: NEW APPOINTMENTS – SPOT SALARY

Contact Officer: Charles Obazuaye, Director of Human Resources
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Chief Officer: Director of Human Resources

Ward: N/A

1. REASON FOR REPORT

- 1.1 Following the implementation of a localised Pay and Conditions of Employment framework in 2013, the Council is able to set its own pay policy and agree the annual pay rise as part of the annual budget setting process.
 - 1.2 The localised framework enables the Council to innovate and flex its reward strategies to reflect local circumstances and support performance management culture in a way not always possible under the previous National and Regional negotiating frameworks.
 - 1.3 Having successfully implemented the Localised Pay framework, this report seeks Member approval to appoint all new staff (including internal promotion/appointments – subject to the clarification in paragraph 3.5 below) on a spot salary within the job evaluated grade appropriate to the post.
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2. RECOMMENDATION(S)

- 2.1 The Committee is requested to:
 - 2.1.1 Note and consider the issues set out in this report.
 - 2.1.2 Agree that all new appointments, including internal appointments/[promotions, will receive an offer of employment based on a spot salary within the grade salary range commensurate to the post/appointment with no incremental progression within the grade.
 - 2.1.3 Subject to 2.1.2 above, each spot salary will be annually reviewed aligned with the annual performance appraisal process and may be reviewed at any other time at managers' discretion based on the merits of the case.
 - 2.1.4 If agreed, the arrangement will apply to all new appointments with effect from 1st April 2015.

Corporate Policy

1. Policy Status: New Policy
 2. BBB Priority: Excellent Council
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Financial

1. Cost of proposal: Estimated – Within existing staffing budget
 2. On-going costs: Within existing budget
 3. Budget Head/Performance Centre:
 4. Total current budget for this Head:
 5. Source of Funding:
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Staff

1. Number of staff (current and additional): Applicable to all new staff, including internal promotions.
 2. If from existing staff resources, number of staff hours:
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Legal

- 1) Legal Requirement: Non-Statutory Requirement
 - 2) Call In: Call in is not applicable
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Customer Impact

1. Estimated number of users/beneficiaries (current and projected) N/A
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Ward Councillor Views

- 1) Have Ward Councillors been asked for comments: N/A
- 2) Summary of Ward Councillors comments:

3. COMMENTARY

- 3.1 The Council withdrew from the National/Regional negotiating frameworks and introduced a Localised Pay and Conditions framework in 2013. The key drivers behind the change include:
- Local control and accountability;
 - Being able to innovate and flex pay and reward to match individual circumstances, without undermining the Council's legal or financial interests;
 - Greater alignment between individual rewards (including pay) and performance;
 - Continue to remain competitive in the relevant labour market for quality staff, especially hard to recruit staff, e.g. children social workers.
 - Gaining control over the annual pay review process and timetable at a time of significant financial challenge for the Council in order to achieve better alignment with budget setting processes and greater responsiveness to change;
 - Exercising local control in order to give greater emphasis to local circumstances, and improve the Council's ability to innovate and flex in ways not achievable within the nationally agreed terms;
 - Improving the Council's ability to align reward with staff and organisational performance;
 - Achieving efficiencies through harmonisation of the management grade and other Bromley staff pay review arrangements.
- 3.2 Since coming out of the National/Regional negotiating frameworks, the Council's annual pay rise in the last two years is better than the nationally agreed settlements. As expected, the change from the National/Regional pay framework to a localised arrangement has not undermined the Council's ability to attract and retain key quality staff. Despite being the only London borough to adopt a localised pay arrangement, Bromley Council's recruitment and retention records in the current unprecedented financial pressure are encouraging.
- 3.3 The arrangement to start all new staff/appointments on a spot salary with no incremental progression or automatic salary adjustment is a step change in the right direction to further localise terms and conditions of staff. It seeks to introduce greater flexibility in the pay and pay progression arrangements mainly for BR graded staff by removing the incremental points for the grades of new appointments, similar to the arrangement for MG staff.
- 3.4 Pay flexibility is key to improving individual and organisational performances. Under the arrangement, managers will be encouraged and empowered to use spot salaries sensibly to respond to challenging business requirements linked to recruitment and retention and reward of quality staff.
- 3.5 If agreed, the arrangement will not affect existing staff currently on a grade with incremental points (linked to satisfactory performance, of course). The only exception is where an existing employee successfully applies, of their own volition, for an internal job opportunity or is redeployed to a higher grade following a restructuring/re-organisation.

3.6 Also, if agreed, the arrangement will only apply to all new staff (including permanent, temporary, fixed term or casual contracts) employed by the London Borough of Bromley, with the exception of employees in Community and Voluntary Controlled Schools. This is on the basis that all remaining maintained schools are in the transition to academy status. Should the future governing body/Academy Trust seek changes, it would be more appropriate for this to form part of a separate exercise based on the needs and circumstances of the individual school.

3.7 Making it Work – the Process:

3.7.1 Pursuant to the equality legislation, jobs will continue to be job evaluated as usual using the relevant job evaluation process. Each grade will continue to have a salary range. The minimum and maximum values of the salary range for each grade will be reviewed annually by the Council and adjusted as appropriate to reflect decisions arising from the annual pay review process.

3.7.2 Managers will appoint new staff to a spot salary at or anywhere within the salary range for the grade, having regard to a number of factors, including the following:

- Salaries within the local and/or national markets for similar jobs generally;
- Relative impact of the post on Council priorities;
- Individual applicant's circumstances, e.g. current salary, experience, etc.;
- Being able to attract the right person at the right salary for the job;
- The salaries of other staff in relevant jobs or teams.
- the applicant's current salary
- the salaries of other staff in relevant jobs
- the "learning curve" applicable
- salaries within the market for similar jobs generally
- value for money balanced with the ability to recruit the right person for the job

3.7.3 Spot salaries will be reviewed at least annually as part of the performance appraisal and, thus, ensuring that any positive/upward adjustment is linked to satisfactory performance. Salaries may also be reviewed at any other time at manager's discretion (in consultation with HR), based on the recruitment and retention need of the organisation. As with existing staff there is no automatic salary adjustment upwardly. Every pay increase is now linked to satisfactory performance.

4. POLICY IMPLICATIONS

4.1 The proposal is consistent with the decision by full Council to adopt localised terms and conditions of service and come out of nationally and regionally negotiated frameworks. It is the right step in the right direction to further localise terms and conditions of service aligned with individual and organisational performance..

5. FINANCIAL IMPLICATIONS

5.1. The officers pay budget is cash limited and only increased if an annual pay increase is agreed by members. Should managers agree salaries increases as part of the

annual performance appraisal or for recruitment and retention purposes this will have to be managed within the overall staffing budget available.

6. LEGAL IMPLICATIONS

6.1 These are covered below and elsewhere in the report.

7. PERSONNEL IMPLICATIONS

7.1 There have been several consultation meetings with the three main unions with a view to securing their agreement to the proposal. As stated above the proposal does not affect existing staff save for the two groups of existing staff covered in paragraph 3.5 above. Unsurprisingly the unions are opposed to the proposal even though it will only apply to new appointments. From the moment the proposal was put to the unions they adopted the same opposition and refusal to negotiate stance displayed during the change from the national and regional negotiating framework to a localised terms and conditions of employment arrangement. The meetings with the unions have been fraught with arguments and a rerun of the merits of moving away from the national/regionally negotiated terms and conditions of service. Despite several meetings and reassurances there is no reasonable prospect of securing the unions' support or agreement for the proposal.

7.2 As stated in 7.1 above, HR has sought to reassure the Unions that the use of spot salary will not create recruitment or/and legal difficulties for the Council. The arrangement will be applied fairly and transparently consistent with the Council's business and legal interests, including the obligations set out in the Equality Act 2010. The Council's Management Grade (MG) pay arrangement is already based on spot salaries and this has been successfully implemented since 1989. Spot salary is also common in other sectors including a number of local authorities. They have not reported any significant recruitment or legal challenges linked to spot salary. The factors set out in paragraph 3.7.2 above are reasonable and sensible thus enabling the Council to balance its business and legal interests in this matter.

Non-Applicable Sections:	
Background Documents: (Access via Contact Officer)	