

Essex Pay Corporate Scrutiny Committee



Essex County Council

Agenda

- A reminder of what we are doing with pay, and why
- How employees are being moved to Essex Pay
- Update on how many employee are now on Essex Pay
- What employees are paid when they move to Essex Pay
- Challenges/learning from deployment
- Emerging changes to pay/future proofing

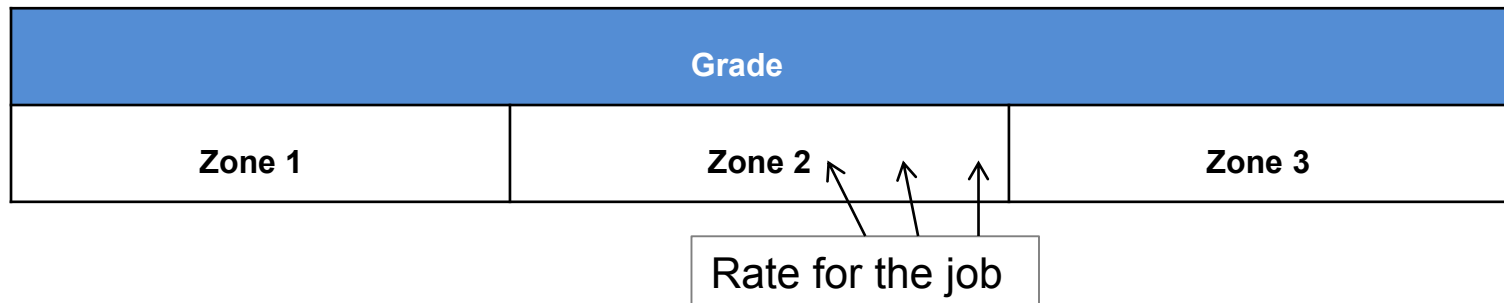
A reminder of what we are doing and why

- We are making a £3.36 million investment in pay to put us in a strong position to achieve our future ambitions and be able to attract and retain the best employees in local government
- The new approach addresses employee feedback around inconsistencies in rates of pay and unclear levels of accountability, and will ensure our pay is transparent, consistent, fair and equitable
- We have 2 sets of pay ranges in Essex Pay – Main Pay Ranges and Social Care Pay Ranges

A reminder of what we are doing and why

Main Pay Ranges

- These consist of 8 grades
- Each grade is split into three pay zones
- Each role has a 'rate for the job' which is determined through 3 factors and in most cases fall within Zone 2 of the pay grade
 - a) Hay job evaluation
 - b) Market benchmarking
 - c) Our knowledge around sector and market intelligence, including scarcity of roles
- Zone 1 is primarily for those developing in the role
- Zone 3 is used either for exceptional candidates, or for those roles where the above factors indicate the rate for the job is in this zone



A reminder of what we are doing and why

Social Care Pay Ranges

- These consist of 7 grades
- These grades have no zones, instead the grades have 'pay points' which are linked to competency progression
- Progression is linked to the professional competency frameworks and the Social Care Pay Guidance

Grade					
Minimum	Pay point1	Pay point 2	Pay point 3	Pay point 4	Maximum

Other changes alongside pay and grading:

- Changes to overtime from 1 April 2019
- New core hours: Monday to Friday 7am–8pm; Saturday 8am–5pm
- 4% flat rate allowance consolidated into base salary

How current employees will move onto Essex Pay

Employees transition to Essex Pay during 2018/19, in one of these 4 ways:

1. Employees who have been through an organisation design consultation prior to 6 March 2018 have been given the opportunity to 'opt in'
2. Employees who have been through an organisation design consultation post 6 March or will be in an organisation design consultation this financial year are appointed into roles in the new structure on Essex Pay
3. Employees who have not been through and are not due to be in an organisation design consultation during 2018 will be consulted with separately on Essex Pay and given the opportunity to 'opt in'
4. Employees who apply for a new role will be appointed on Essex Pay with immediate effect, all advertised roles will be on the new pay arrangements

How many employees are on Essex Pay?

55% of employees in scope are already on Essex Pay

Employees Transferred to Essex Pay

Through re design	1752
On existing role profile	1202
New starters	525
Total	3362

Employees still to transfer to Essex Pay

Not opted in	152
To move over as part of OD	2513
Total	2665

Employee pay on moving to Essex Pay

If employees are appointed to a role through a selection process, they will receive a salary in zone 1 or up to the rate of the job in zone 2, dependant on their skills, experience and qualifications.

If employees move onto Essex Pay in any other way, they will continue to receive their existing salary, *unless* that salary is below the bottom of the new grade. In these circumstances, the employee's salary will move to the bottom of Zone 1. This is where the £3.36m investment in being used.

If an employee's salary is above the determined rate for the job, full salary protection applies for a minimum of 18 months.

Mid-year pay allocation – The Corporate Leadership Team have agreed that those moving to Essex Pay whose current salary is more than 6% below the 'rate for the job' will move to a new salary of 6% below RFJ from October 2018. This applies to employees in Main Pay Ranges, who have/will transfer to Essex Pay on current roles or who have been job matched during OD. It will not apply to employees who have been selected to a role where progression to RFJ is based on a development plan. Separate arrangements are being made for those on Social Care Pay Ranges.

Deployment Highlights

- ✓ Overall there has been a 96% acceptance of Essex Pay for the 3362 contracts that have been offered
- ✓ 6 employees are currently under notice of dismissal and re engagement out of the 1202 contracts issued in the first phase and only 2 of these employees have submitted an appeal
- ✓ Opt in levels for the current phase is currently above 90% overall with a formal 45 day consultation period running until the New Year during which those employees can choose to opt in
- ✓ Of those who have transferred onto Essex Pay so far, one-third have received a pay rise (including those who have taken on a new role)
- ✓ Of those who have transferred across on same/similar roles, the majority of the pay rises have been to those in front-line service delivery roles, including social care practitioners, with an average pay rise of c.£2,000

Challenges and Learning

As with any large change project there has been challenges and learning along the way:

- Complicated deployment due to phased approach of implementation
- Changes to original deployment plan due to evolving service needs changing how and when employees transfer
- Frustrations about new employees being recruited at the rate for the job vs employees moving to rate for the job over 3 years
- Transparency in pay has highlighted previous disparity in pay bands 1-9 pay which has caused some concern from employees and the strength of feeling is increased by having to wait to get to the rate for the job

Nevertheless a phased approach has meant we have been able to continually learn and adapt our deployment e.g.

- ✓ Automation and issuing change of contract letters rather than full contracts enabling quicker opt in during later phases of deployment
- ✓ More specific and tailored communications leading to quicker opt in and fewer questions raised

Emerging Changes to pay/future proofing

- Essex Pay with its emphasis on positioning zone 2 and specific rates for the job in line with market rates enables Essex to maintain a competitive pay structure to attract and retain a highly-skilled workforce
- This is particularly important in the context of Essex's proximity to London, range of services and the region's low level of unemployment
- Nevertheless there continues to be pressure on pay levels:
 - Pay settlements are currently typically (both public sector and other sectors) typically in the range 2%-3% and current wage inflation (measured by ONS) is currently 2.7% in public sector and 3.1% UK overall
 - The government's National Living Wage is increasing by 4.8% with effect from next April (and this will be taken into account in the forthcoming annual pay review process because this forms the minimum pay level for grade J)
 - Korn Ferry have advised a paybill increase of 2.0% - 2.5% for ECC for 2019/20

Emerging Changes to pay/future proofing

- Essex Pay also places a strong emphasis on pay equality by the use of zoning in the main pay grades and pay steps linked to competency in the social care pay grades
 - A full Equal Pay Audit and an update of the Gender Pay Gap report are both due to be carried out by April next year
 - Analysis on a grade-by-grade basis (for those that have transferred to Essex Pay to date) indicates Essex Pay is achieving greater pay parity)
 - For those currently on Essex Pay the average difference between male and female pay at each grade is in the range +4% to -3% (compared to a range +5% to -4.5% before Essex Pay roll-out and forecast to be in the range +1.6% to -0.8% by 2021)