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**SINGLE STATUS NEGOTIATIONS**

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**Responsible Cabinet Member(s) - Councillor Don Bristow,  
Resource Management Portfolio**

**Responsible Director(s) - Paul Wildsmith, Director of Corporate Services**

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**Purpose of Report**

1. To update Members on progress with job evaluation and Single Status negotiations and to propose a methodology for approving the final agreement with Trades Unions.

**Background**

2. In 1997 the National Employers on behalf of all Local Authorities signed the Single Status Agreement (SSA). This brought together the terms and conditions for the 'blue' and 'white' collar workforce creating a single pay and conditions framework. The main focus of the SSA was to modernise pay and conditions, eliminate inequality across different elements of the workforce and to ensure gender equality within pay structures through the implementation of job evaluation. (Further details on the job evaluation process are attached at **Appendix 1**).
3. In 1998, Darlington took its first step towards Single Status by reducing working hours for manual workers from 39 hours to 37 hours to achieve parity with 'white collar' workers.
4. Whilst many other Local Authorities moved to the 37 hour working week at the same time, progress generally with job evaluation and the more complex and contentious areas associated with pay and terms and conditions has been slow. Although a small number of Councils implemented single Status fully in the early 2000's, the vast majority did not, the main reasons for this being cost of implementation, employee relations issues and the sheer scale of the exercise.
5. In Darlington work on job evaluation commenced in earnest in 2002. This has involved a very detailed programme of work undertaken jointly by management, employees and Trades Unions covering some 2000 jobs.
6. In 2003 job evaluation/single status was brought to the forefront when a firm of Solicitors mounted a no win no fee campaign targeting public sector employees throughout the North East to make equal pay claims against their employers. The majority of these claims were from large groups of predominantly female workers claiming sex discrimination in relation to groups of predominantly male workers who received bonus payments which they did not.
7. A high volume of equal pay claims have been made by local authority employees across the region and in some Councils there have been hundreds of claims received. Although in Darlington initially the number of claims was limited to about 20, potential exposure was

high. The Council therefore undertook a risk assessment of the situation, and whilst not accepting liability, offered a settlement payment in two instalments to approximately 800 affected employees. To receive payment employees had to enter into a legally binding settlement agreement, thus resolving the potential threat. At the time the agreement, the overall cost of settlement and potential costs at Tribunal were estimated to be £4M.

8. The Council's settlement strategy has been very successful, delivering a 99% take up for the first settlement instalment in 2004 and a 92% take up of the second instalment which became due on 1st July, 2005. The settlement action was initially challenged at tribunal on a similar basis to other Councils in the region, although this challenge was withdrawn prior to the tribunal date. At the end of August this year a further settlement was also reached with the 21 original employment tribunal claimants which has significantly reduced the Council's potential financial liability should the claims have been successful.
9. At the present time there are now approximately 40 tribunal claims pending which are mostly from employees who have chosen not to accept the second instalment of the settlement.
10. This intense focus on equal pay and the costs associated has demonstrated to local authorities, the National Employers and trade unions, both nationally and locally that there is a clear need to implement Single Status as soon as possible. Non implementation is not an option, particularly given the significant cost risk associated with the perceived inequality within local government pay and terms and condition.. In any event the 2004 national pay award agreement signed up to by the National Employers Organisation agreed SSA implementation by 2007.

### **Key Elements of the Single Status Agreement**

11. Set out below are the key elements which will comprise the Council's Single Status Agreement:-
  - (a) Pay and Reward Strategy – as well as delivering equality our strategy must enable the Council to recruit and retain a highly skilled and motivated workforce within the context of the local and national labour market.
  - (b) Revised Pay and Grading Structure – The revised structure must be transparent and clearly demonstrate the link between the value of jobs (evaluation scores) and pay levels. It also needs to be capable of withstanding a rigorous equal pay audit. The pay model must also be affordable. Clearly the cost of implementation cannot be beyond the Council's means. A high cost would lead to the need to reduce services. However a particularly low cost option may have further negative impact on the difficult employee relations that will inevitably arise when pay goes down as part of the process. The impact on employee relations issues should not be underestimated. Similarly a low cost option could have implications for recruitment and retention.
  - (c) A Revised Terms and Conditions Package including for example:-
    - (i) Leave
    - (ii) Premium Payments and Allowances
    - (iii) Overtime Rates

- (iv) Flexible working

### **Progress to date on Single Status Implementation**

12. All relevant jobs have now been evaluated through a jointly agreed process with management and trade unions. There is an on-going process following the reviews to further refine job evaluations and as Members will be aware, jobs change frequently and these changes need reflecting in revised evaluations. However, we are fast approaching the time where we need to 'draw a line' under job evaluation and finalise the position prior to implementation.
13. Much joint work has been undertaken by management and the Trade Unions in developing a pay policy and an agreed pay structure is almost in place, however, final agreement is subject to the completion of negotiations on the terms and conditions package. It is only when both elements are in place that jointly we can assess the overall impact on individuals and how the package measures against the key criteria discussed in paragraph 11 of this report.
14. Progress is also being made to rationalise and equalise the terms and conditions package as the authority has diverse and varied approaches that have arisen over a considerable period of time due to various factors such as Compulsory Competitive Tendering.

### **Emerging Issues from Job Evaluation /Single Status Work**

15. The key points for Members to note are set out below :-
  - (a) Bonus Payments - A significant element of the male 'manual' workforce have received bonus payments, whereas similar female groups have not. The bonus payments will need to be removed. This will impact on the pay of those currently in receipt of bonus.
  - (b) A number of job groups with large numbers of employees, the majority of whom are female, are likely to receive increased pay under a revised grading structure.
  - (c) The latest pay model suggests that :-
    - 50% of staff will see their pay increase.
    - 21 % of staff will see their pay reduce
    - 29% of staff will see their pay remain the same.
  - (d) The cost of implementation is likely to utilise all existing headroom within the existing Medium Term Financial Plan - £1.6m in 2005/06. (Headroom was established in 2005/06 with this cost in mind).
  - (e) If the Council is to implement a SSA with the trade unions a Pay Protection Scheme will need to be introduced. Darlington is currently the only authority locally not to have a pay protection scheme and it is very unusual in all of the public sector and many parts of the private sector not to have a pay protection scheme. A scheme would give employees time to either adjust to their new level of pay or to seek other employment

within the Council at a rate of pay similar to their previous pay. The scheme will clearly be key in facilitating a smoother transition to the new pay model.

### **The Way Forward in Implementing the Single Status Agreement**

16. The renegotiation of pay and terms and conditions for the majority of the Council's employees, excluding Teachers, is a detailed and technical process. Currently, the Council's Constitution gives delegation to the Chief Executive and Directors to implement all employment changes and associated issues. Clearly, officers would not undertake such a radical review without Council's input, however, it would appear sensible and practical if officers undertook the detailed work and seek to reach an agreement within a framework set out by Council. If Members are satisfied that this is the correct approach the following framework could be applied.

### **Framework of Delegation for Implementing the Single Status Agreement**

17. To enable the implementation of a SSA the following framework of delegation is proposed for the Director of Corporate Services in consultation with the Chief Executive and the Leader of the Council.
  - (a) The implementation cost of the Agreement should be contained within the resources of the existing MTFP or as revised as part of the 2006/07 MTFP review.
  - (b) The Agreement should minimise the negative impact on employee relations.
  - (c) The Agreement will only be implemented when an equal Pay audit has been undertaken that demonstrates the agreement is 'equality proof'.
  - (d) The approach to terms and conditions will be to rationalise and simplify them.
  - (e) The Agreement is approved by the Trade Unions for implementation.
  - (f) The agreement is backdated to 1st July, 2005 for all employees whose remuneration is increased. This assists in removing employment tribunal risk on an equal pay basis as the current compromise agreements with employees ended on 30th June, 2005.
  - (g) A Pay Protection Scheme is implemented.
  - (h) An appeals process for employees and management be included.
18. Clearly if the above cannot be delivered officers will present a further report to Members.

### **Timetable for Implementation**

19. Actual timings of the processes are extremely variable due to the detailed work and negotiations that are required. It is anticipated that implementation will not take place before April 2006 at the very earliest.

## **Risk Assessment**

20. Although the implementation of job evaluation will minimise the potential for future equal pay claims, Members need to be aware that risks will still remain in respect of the six years prior to implementation of job evaluation. Although significant past risks have been compromised by the settlement agreements previously discussed in this report. The current waive of equal pay litigation within the region is bringing out new equal pay issues and it is likely that litigation on this front will continue over a number of years.

## **Outcome of Consultation**

21. Consultation is ongoing with the Trades Unions, however full consultation will not take place until the final agreement is available to put to the workforce.

## **Legal Implications**

22. This report has been considered by the Borough Solicitor for legal implications in accordance with the Council's approved procedures. There are no issues which the Borough Solicitor considers need to be brought to the specific attention of Members, other than those highlighted in the report.

## **Section 17 of the Crime and Disorder Act 1998**

23. The contents of this report have been considered in the context of the requirements placed on the Council by Section 17 of the Crime and Disorder Act 1998, namely, the duty on the Council to exercise its functions with due regard to the likely effect of the exercise of those functions on, and the need to do all that it reasonably can to prevent, crime and disorder in its area. It is not considered that the contents of this report have any such effect.

## **Council Policy Framework**

24. The issues contained within this report are required to be considered by Council.

## **Conclusion**

25. The Council must implement a SSA as part of the national agreement and to reduce the risk of future equal pay claims. There will be costs to implementation both in financial terms and in terms of employee relations that will need to be managed and the introduction of a pay protection scheme will assist in this area. The SSA will reduce future equal pay risk to a minimum however, the potential for retrospective claims based on the current pay structure will remain. A process for implementing a revised SSA building on the existing scheme of delegation is suggested.

## **Recommendation**

26. Council are requested to :-
  - (a) Give delegated power to the Director of Corporate Services in consultation with the Chief Executive and the Leader of the Council to implement the Single Status Agreement within the following framework :-

- (i) The implementation cost of the Agreement should be contained within the resources of the existing MTFP or as revised as part of the 2006/07 MTFP review.
  - (ii) That the Agreement should minimise the negative impact on employee relations.
  - (iii) That the Agreement will only be implemented when an equal Pay audit has been undertaken that demonstrates the agreement is 'equality proof'.
  - (iv) That the approach to terms and conditions will be to rationalise and simplify them.
  - (v) That the Agreement is approved by the Trade Unions for implementation.
  - (vi) That the agreement is backdated to 1st July, 2005 for all employees whose remuneration is increased.
  - (vii) That a Pay Protection Scheme is implemented.
  - (viii) That an appeals process for employees and management be included.
- (b) Receive a further report from the Director of Corporate Services should implementation not be possible within the above framework.

### **Reasons**

27. The recommendations are supported by the following reasons :-

- (a) To enable the Council to implement the Single Status Agreement.
- (b) To enable Council to further consider the issue should it not be possible to implement the Agreement within the agreed framework.

**Paul Wildsmith**  
**Director of Corporate Services**

### **Background Papers**

No Background papers were used in the preparation of this report.

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## THE JOB EVALUATION PROCESS EXPLAINED

The purpose of job evaluation is to measure the size/value of jobs using an independent measuring process. The implementation of job evaluation is a key component of the Single Status Agreement and the Council have agreed to measure all posts using the National Joint Council, Computerised Job Evaluation Scheme, which complies with equal pay legislation and associated codes of practice. This scheme breaks a job down into ‘factors’ with varying levels of skill/demand within each factor. The level of skill/demand within each factor is scored against guidance criteria. The scores for all factors are then added together and this produces the value for the individual job. The factors used in the NJC Scheme are as follows:-

<b>Knowledge</b>	<b>Emotional Demands</b>
This factor covers the knowledge required in order to do the job. Knowledge could be about using tools or equipment or could be the technical, specialist, or procedural knowledge required.	This factor measures the nature and frequency of the Emotional Demands that can be encountered by anyone doing the job arising from the contacts or work with other people.
<b>Mental Skills</b>	<b>Responsibility for People</b>
This factor looks at the types of problems that can be experienced in the job. This could include how a problem is investigated, what information is gathered and what is done to solve the problem.	This measures the effect a job could have on individuals or groups of, people such as members of the public, service users, and clients.
<b>Interpersonal and Communication Skills</b>	<b>Responsibility for the Supervision/ Direction / Co-ordination of other Employees</b>
This factor includes oral, sign and written communication skills as well as training, advising and negotiating skills.	This factor measures the direct responsibility of the job for the supervision, co-ordination or management of employees, or others in an equivalent position.
<b>Physical Skills</b>	<b>Responsibility for Financial Resources</b>
It covers, hand-eye co-ordination, co-ordination of limbs, and sensory co-ordination. Examples could include using hand tools, keyboarding and mouse skills and driving skills required.	The responsibility the job has for financial resources, including cash, vouchers, cheques, debits and credits, invoices, budgets and income.
<b>Initiative and Independence</b>	<b>Responsibility for Physical Resources</b>
This factor measures the scope allowed to the jobholder to exercise initiative and take independent actions.	The responsibility of the job for different types of physical resources, including manual or computerised information; data and records; office and other equipment; tools and instruments; vehicles and machinery; land, construction works, buildings and fittings and fixtures; personal possessions; and goods, produce, stocks and supplies.
<b>Physical Demands</b>	<b>Working Conditions</b>
This factor measures the type, level, and frequency of the physical effort required in the job, e.g. lifting, pushing, standing, and walking.	This measures exposure to disagreeable, unpleasant, uncomfortable or hazardous working conditions arising from the environment or from work with people, including verbal abuse and anti-social behaviour from members of the public.
<b>Mental Demands</b>	
This factor measures the degree and frequency of the mental concentration and/or using the senses.	