

Report of: Head of People Services

Subject: Pay and Grading Review Report

Decision Required: No

Recommendation:

The Authority is recommended to:

- a. Note the content of this report

1. Key Messages

- 1.1 The Pay and Grading Review was undertaken to ensure that the Authority had a fair robust and transparent pay and grading process
- 1.2 While the Authority agreed a clear process for undertaking the review, a number of factors led to a delay in this process. Some of these were outside the control of the Authority.
- 1.3 The main elements of the Pay and Grading Review were finally implemented on 28 November 2024 with the subsequent Appeal processes concluded by 31 March 2025
- 1.4 The Authority now has a fit for purpose process and trained staff to manage pay issues
- 1.5 A more detailed breakdown of the issues is included in Annex A.

2. Background

- 2.1 A Pay and Grading Review is a complex and time-consuming piece of work which is designed to produce a robust hierarchical structure of posts to withstand changes to working practices, and job design over a period of on average 15-20 years.
- 2.2 It was recognized that the Authority needed a robust and credible process that complied with employment legislation and best practice. Agreement was reached with Members, Unison and staff that a Pay and Grading Review should be undertaken. Several options were considered and it was agreed that as staff are employed under 'Green Book' terms and conditions of employment the National Joint Council (NJC) job evaluation scheme would be the best fit for the Authority.

- 2.3 In terms of implementation, it was agreed that the Authority would buy-in the services of West Midland Employers (WME) to lead on the review but also to build in knowledge and capability so that the job evaluation scheme could be run in-house at the conclusion of the review.

3. Consultation

- 3.1 Members, Staff and Unison were consulted about the process and were involved throughout the review. This included training and briefing sessions and regular updates through the HR Committee, Employee Forum and Staff Representatives Group, Staff Newsletter

4. Strategic Policy Context

- 4.1 The information and recommendation(s) contained in this report are consistent with the Authority's statutory purposes and its approved strategic policy context.
- 4.2 By having a robust pay and grading structure in place that includes the Authority's commitment to paying Real Living Wage rates we contribute to having a more prosperous and sustainable local workforce.
- 4.3 As part of the Pay and Grading Review an Equality Impact Assessment was undertaken.

5. Main Outcomes

The following outlines the main outcomes of the process

- 5.1 The Job Evaluation Results, following the mapping of the posts onto new pay structure, were:

• Number of posts green circled	95
• Number of posts red circled	9
• Number of posts no change	12
• Number of posts Headroom Gainers	52

NOTES

Green circled posts are those posts that have advanced grade(s) as a result of the Pay and Grading Review.

Red circled posts have been evaluated at a lower grade. In these instances, the Pay Protection policy applies

Head Room Gainers– Staff who will not get an immediate increase and move across to the new grade on their existing scp but where the pay grade maximum is higher – therefore providing greater future earning potential with the ability to progress on normal time served increments, defined as more “headroom”, further than on their current grade

- 5.2 All staff were given the opportunity to appeal the outcome of the evaluation of their posts on the following grounds:

- The scheme has been wrongly applied:
 - Factor levels have been wrongly allocated,
 - The evaluation panel has failed to follow guidance etc.
 - The job description questionnaire did not provide complete information
- 5.3 All of the posts that were red circled, nine in total, progressed through the informal appeal process to a formal appeal. 5 posts that were not red circled submitted an informal appeal. Of those 4 progressed to a formal appeal. All the appeals were successful.
- 5.4 It should be noted that the appeals succeeded upon the submission of further information and evidence which had not previously been submitted to the WME job analysts.
- 5.5 The terms of reference included a review of the essential car user allowance and a 15% allowance paid to the Rangers. As of 1 April 2026, the essential car user allowance will be withdrawn and a new allowance of 5% in place of 15% payable to the Rangers introduced.
- 5.6 At the conclusion of the Pay and Grading Review the Authority had a robust defensible and understood job evaluation scheme in place.
- 5.7 The Authority had a pool of trained staff who could fully engage and participate in an in-house job evaluation process.
- 5.8 The Authority had an affordable pay and grading structure in place with uniform number of spinal column points within each grade

6. Financial Considerations

The cost of the review and its implementation are summarised below:

- WME were paid £27,084 for the work that they undertook on the Pay and Grading Review
- Backpay to April 2023 cost £327,523. This was based on back pay being paid based on the original timescale. Consideration was given to changing this to April 2024, but it was decided to remain with the original commitment.
- Additional annual cost to payroll budget was £200,500.

This does not consider internal staff and opportunity costs.

7. Risk and Compliance Considerations

There are considerable risks to not having a robust, transparent and fair pay and grading process in place. This includes staff recruitment and retention issues, potential legal challenge under Equal Pay Act and reputational risk.

8. Impact on our Public Sector Duties

8.1 Integrated Assessment Completed: Yes

8.2 Equality, Socio-Economic, Health and Human Rights Impacts

- 8.2.1 Having a fair robust and transparent pay and grading process is a major consideration in relation to the Equality Act 2010 and the Authorities action plan supporting Equality, Diversity and Inclusion.
- 8.2.2 We regularly review our recruitment policies and procedures to ensure that they are fit for purpose and provide access to employment opportunities to all.
- 8.2.3 We monitor management information data regularly to identify trends and monitor the effectiveness of our recruitment and pay policies.

8.3 Welsh Language Impacts

- 8.3.1 The Pay and Grading Review provided the Authority with the opportunity to review and revise the level of Welsh language competency needed for each role.
- 8.3.1 This commitment to enhancing and developing the use of Welsh language in the workplace remains a key objective of our recruitment and development policies and procedures.

8.4 Section 6 Biodiversity Duty and Carbon Emission Impacts

- 8.4.1 Not applicable

8.5 Well-being Goals for Wales and 5 Ways of Working (Sustainable Development Principles) Impacts

- 8.5.1 Having a fair, robust, transparent and understood pay and grading process contributes to the Wellbeing Goals for Wales as identified below

Well-being Goals for Wales

- A prosperous Wales
- A resilient Wales
- A healthier Wales
- A more equal Wales
- A Wales of cohesive communities
- A Wales of vibrant culture and thriving Welsh language
- A globally responsible Wales

9. Conclusion

Authority to note the content of this report

(For further information please contact Joy Arkley, joya@pembrokeshirecoast.org.uk)

Annex A

Pay and Grading Review Report

Introduction

A Pay and Grading Review is undertaken to establish a hierarchy of posts and can be linked to pay structures. It is a complex and time-consuming piece of work and results in a robust hierarchical structure of posts designed to withstand changes to working practices, and job design over a period of on average 15-20 years.

In the Public Sector as part of the Single Status Agreement in 1997 work was undertaken nationally in the UK in the public sector in conjunction with the Trade Unions to harmonise a number of pay structures into a single pay spine with one set of terms and conditions. This work also recognized the increasing use of technology and the shift from hierarchical command and control management structures.

The resulting revised pay structures and frameworks were introduced in the early 2000s.

Background

Historically the Authority adopted the Hay Job Evaluation Scheme and received support from Pembrokeshire County Council to implement the scheme. However, with PCC moving away from the Hay Scheme and with the retirement of staff in PCC who were able to evaluate roles under the scheme, the Authority found itself without a suitable scheme. Furthermore, there was some concern about the suitability of the Hay job evaluation scheme given its emphasis on know-how, problem-solving and accountability.

The implementation of the Minimum and Real Living Wage pay rates were also eroding the differentials between pay grades at the lower end of the pay scales and this was causing concerns.

Consequently, Members, staff and the Trade Union agreed that a Pay and Grading Review was undertaken. This was agreed in principle pre-2019. Unfortunately, due to the COVID Pandemic the review was delayed and work did not begin in earnest until early 2022 after the organizational review had been finalized and approval granted to proceed.

As staff are employed on 'Green Book' terms and conditions then it seemed appropriate that the Authority adopt the corresponding National Joint Council (NJC) job evaluation scheme.

The Authority engaged with Unison, the recognized Trade Union, throughout the Review and included them in our training days. West Midlands Employers (WME) commented that this approach was exceptional and exemplary.

Terms of Reference

The Pay and Grading Review terms of reference evolved over time and by November 2022 had been agreed as:

1. A three-phase review

There are **three** distinct phases to this project:-

- Phase one begins with Job Evaluation - where all roles across the Authority are evaluated using the NJC 13 Factor Job Evaluation Methodology.
- Phase two is distinctively separate and involves assimilating all grades into the existing pay structure and will include an Equal Pay Audit.
- Phase three will look at benchmarking salaries to determine if any revision needs to be made to the existing structure.

Other elements included in the terms of reference were:

- Essential Car User Allowance
- First Aid Allowance
- 15% Allowance paid to Rangers

Methodology

Job Evaluation

There were three approaches considered to ensure a valid and reliable method of job evaluation for Job Descriptions:

- I. to train a group of managers and employee representatives, to act as one or more Job Evaluation Panels. The benefit to this is that an internally appointed selection panel 'future proofs' the scheme, by developing skills and knowledge in-house. They can also manage any appeals.
- II. to have all roles evaluated independently by an external consultant. This is a costlier model and can have the potential of disadvantaging staff, as limited internal moderation is able to take place. Where appeals are lodged, further costs will be incurred to have roles re-examined by the external consultant(s).
- III. to adopt a hybrid approach where a selection of roles are evaluated externally to provide a reference point. An internal evaluation panel then evaluates all other posts, using the reference point to obtain parity across grades.

Following discussion by the Authority's Management Team it was agreed to adopt the third approach.

The Authority engaged West Midland Employers, (WME) a specialist in this area to assist throughout the process to mitigate any risk.

The final decision was to engage WME to evaluate 108 posts and to provide training on the NJC job evaluation scheme to a cross-section of staff. Once all jobs have been evaluated and levelled, a grading structure will be established.

Using the existing grading and pay structure as a reference point, the revised structure will establish the:

- number of grades
- where the grade lines should be drawn to give an appropriate span of pay points
- related pay structure

Timescale

It was envisaged that the work on Phases 1 and 2 would be taken to HR Committee by March 2022.

There was considerable slippage on the Pay and Grading Review with implementation not occurring until November 2024 and an undertaking was given to staff that any back pay would be backdated to April 2023.

There were a number of reasons why there was a delay in the review being completed and implemented. These include:

- A lack of appreciation of the concentrated and intense amount of work a pay and grading review entails
- The resignation of the HR Manager in early 2023 was significant as this post had committed to quality assuring all the job descriptions and job evaluation questionnaires prior to evaluation in addition to the role of HR Manager
- A fixed term HR Manager was appointed in June 2023 with a timeline for the implementation of the Pay and Grading Review of March 2024
- The preparatory work for the pay and grading review was not as developed at that time as the Authority had been given to understand. It is not unusual to underestimate the time needed to undertake a pay and grading review. This was the opinion expressed by WME and the professional experience of the Head of People Services who has been directly involved in job evaluation and pay and grading for more than 30 years.
- Several managers were significantly late in agreeing the job descriptions and necessary paper work. Some had not commenced the process until well after the deadline for completion was passed.
- WME have stated that they had proposed that line managers were trained in the practical application of the job evaluation scheme in preparation for the review, but this was in addition to their proposal. They surmised that this was not progressed due to cost, but it is more probable that the previous HR Manager intended to undertake this work and quality assure the paperwork prior to submission.
- The quality of the paperwork initially submitted was not adequate, and this is reflected in the high success rate of the subsequent appeals when additional more detailed paperwork was submitted
- The job titles provided in the paperwork did not always match the organization chart dated June 2023. This caused confusion and duplication of work. Particularly taking into account that WME were an external consultancy and located in Birmingham.
- New posts were created in early 2024 and these had to be evaluated as part of the review
- A review of Countryside Management was undertaken but the timeline for this work was extended, and this had a detrimental effect on the pay and grading review timeline. So much so that it was agreed in consultation with WME and

the Trade Union to take the posts out of the main review and their revised pay structure was not implemented until May 2025.

- Whilst we had contracted WME to evaluate 108 roles they evaluated 153 posts by the end of the review.
- 3 days of Moderation Panels were held with WME, and 17 roles (11%) of the total were moderated.
- The delays in the review meant that we needed additional training days due to staff turnover.
- We initially agreed a time scale with WME, however, the delay in completing the job descriptions and paperwork meant that WME moved onto other work and found it difficult to accommodate once the dates allocated by them for the work had passed.
- In March 2024, WME issued a revised timeline with an implementation date of September 2024, we finally notified all staff of their grade and pay on 28 November 2024.

Allowances

- Consultation with staff in receipt of essential car user allowance took place once all the pay and grading appeals had been completed. The outcome of this is that the allowance will be withdrawn from 1 April 2026
- Consultation with the Rangers began when the pay and grading appeals had been completed. A new allowance of 5% has been introduced linked to the green book terms and conditions Part 3 Section 2. Working Arrangements..... (f) Other non-standard working patterns. A Call-Out Allowance Policy applicable to all staff below Grade 8 has also been introduced to ensure parity and fairness with any call-outs outside 7am to 7pm Monday to Friday and at weekends.
- First-Aid Allowance payments are paid to 4 staff and amount to £1,011 per annum and will phase out over time.

Pay structure

Prior to the Pay and Grading Review, the pay structure comprised of grades 1-6, SO1 and SO2 and POD to POG. The number of spinal column points within some of the grades also varied, for example Scale 5 had 5 spinal column points, Scale 6 had 4 spinal column points and the SO1 and SO2 grades had 3 spinal column points.

The Pay and Grading Review has produced a new pay structure of 13 Grades with an equal number of spinal column points within each pay grade.

Job Evaluation Results

Number of posts green circled	95
Number of posts red circled	9
Number of posts no change	12

Number of posts HR Gainers 52

NOTES

Green circled posts are those posts that have advanced grade(s) as a result of the Pay and Grading Review.

Red circled posts have been evaluated at a lower grade. In these instances, the Pay Protection policy applies

Head Room Gainers– Staff who will not get an immediate increase and move across to the new grade on their existing scp but where the pay grade maximum is higher – therefore providing greater future earning potential with the ability to progress on normal time served increments, defined as more “headroom”, further than on their current grade

Appeals

The Appeal process comprises two stages, an informal and formal stage.

The grounds for appeal within the Pay and Grading Review were:

Grounds for Appeal

- The scheme has been wrongly applied:
- Factor levels have been wrongly allocated,
- The evaluation panel has failed to follow guidance etc.
- The job description questionnaire did not provide complete information

At the informal stage the postholder and their line manager meet with a member of HR to discuss the job evaluation report and job description and consider any relevant additional information. If at the end of this stage it is agreed that there are grounds for an appeal the post will progress to the formal stage of the appeal process.

Formal Stage

The formal appeal will be heard by a joint panel at authority level. The panel will consist of representatives from the recognised trade unions and management. An independent person may exceptionally be appointed to chair the panel.

Appeal Outcomes

Informal Appeals

Red Circled Posts

All of the posts that were red circled, nine in total, progressed through the informal appeal process to a formal appeal.

Non-Red Circled Posts

5 posts that were not red circled submitted an informal appeal. Of those 4 progressed to a formal appeal.

Formal Appeals

Red Circled Posts

One post deferred their appeal for 12 months; the remaining 8 appeals were successful.

Non-Red Circled Posts

All the appeals were successful.

It should be noted that the appeals succeeded upon the submission of further information and evidence which had not previously been submitted to the WME job analysts.

Costs

In total WME were paid £27,084 for the work that they undertook on the Pay and Grading Review

Backpay to April 2023 cost £327,523

Additional annual cost to payroll was £200,500.

Conclusion

- At the end of the Review, the Authority had job descriptions and person specifications for all posts.
- The Authority had a robust defensible and understood job evaluation scheme in place
- The Authority had a pool of trained staff who could fully engage and participate in an in-house job evaluation process
- The Authority had an affordable pay and grading structure in place with uniform number of spinal column points within each grade
- The Authority met the deadline of 28 November to write to all staff
- There was meaningful engagement and involvement of UNISON throughout
- Number of appeals were lower than had been anticipated
- Two-tier appeal process worked well
- Relationship with WME, staff and UNISON has been maintained

Things that we might do differently

- A dedicated team of in-house resources to oversee and progress the review and quality assure the paperwork submitted.

- A project plan with realistic key dates and deliverables to support the review and some contingency as given the scale of this work and the complexity slippage is almost inevitable.
- Ensure clearer training and outlining of expectations to ensure that all staff meet necessary deadlines
- Any commitment to back pay should reflect the potential for slippage and be adjusted accordingly.

Any lessons learned or reinforced

- The importance of the paperwork particularly when the review is being led externally. All the successful appeals were down to information not being included in the documentation submitted for the review
- All staff understanding the importance of the knowledge factor. We are rejecting job descriptions and person specifications that have nothing entered under knowledge. Knowledge is the highest scoring of the 13 factor job evaluation scheme.

Next steps

- We have successfully held our first internal panel for new posts
- The relevant HR Policies and Procedures have been reviewed and updated following the successful implementation of the review
- We will continue to engage with WME on a consultancy basis for staff training in NJC Scheme