

Non-Executive Report of the: General Purposes Committee 25 June 2019	
Report of: Corporate Director of Resources	Classification: Unrestricted
Update on Tower Rewards – June 2019	

Originating Officer(s)	Amanda Harcus Director of HR & OD
Wards affected	All wards

Executive Summary

This report updates Members on reward strategy and implementation process.

Recommendations:

The General Purposes Committee is recommended to:

1. Note the current position on current progress in relation to implementation of the reward strategy;

1. REASONS FOR THE DECISIONS

- 1.1 Part 3.1 of the Council's Constitution (line 37) delegates to the Chief Executive authority to determine appropriate pay and conditions for staff subject to the restriction that major policy must be determined by the General Purposes Committee. General Purposes Committee have previously considered a report on TOWER Rewards and agreed that the Chief Executive should continue to develop the policy.
- 1.2 Unless the General Purposes Committee were to take the view that the proposals amounted to a major policy decision that required determination by the Committee, it is appropriate within the Constitution for the Committee to provide their views and for the Chief Executive to take any final decision on the proposals.

2. DETAILS OF THE REPORT

2.1 Background

On October 29th 2018 Will Tuckley, Chief Executive, and Amanda Marcus, Divisional Director, HR, provided an update to Members on the ongoing work looking at the reward strategy at the Council. It was explained that whilst the Council offered a number of rewards and benefits for staff members there was not an overarching reward strategy that could capture everything that was offered and how the Council ensured it was a good place to work where staff were treated fairly. It was also a useful way of comparing benefits offered to other London Boroughs and employers.

GPC was asked :

1. To agree the proposed Reward Strategy set out at paragraph 2.4 of the report.

Paragraph 2.4 of the update to Members on 29th October 2018 stated:

The Committee is asked to agree the draft Reward Strategy which is to:

- *Attract and retain employees with the right skills to deliver our services to the highest standards;*
- *Set pay at the market median quartile for London, exceed the London Living Wage to support the lowest paid and remain connected to the national pay bargaining mechanism;*
- *Offer flexibility that enables us to match market demands in areas of skill shortage;*
- *Offer a total rewards package with a range of benefits that will recognise excellence and be flexible to acknowledge individual needs;*
- *Be fair, equal and easy to understand.*

2. To note the connection between the TOWER values and our reward strategy.
3. To agree that, in accordance with the councils' constitution, the Chief Executive has delegated authority to develop the total reward package for council employees in accordance with the Reward Strategy and the TOWER values.

The Committee resolved and agreed to delegate to the Chief Executive to continue developing the strategy and asked that he present the completed work at the appropriate time.

3 Update and current work

3.1 In October the GPC discussion noted that:

- The Council aspired to be the best employer in terms of the overall wellbeing of its staff.
- This was an opportunity to harmonise and simplify pay scales and conditions.
- It was important to offer flexibility to the overall strategy when necessary, for example in areas where recruitment was difficult.
- The review could look at how social impact was measured as against financial impact of the strategy.

- Areas that officers were monitoring included the gender pay gap, ethnicity breakdowns and how staff progressed up the corporate structure.
- The Committee were interested in how the review progressed generally but in particular would always wish to be involved in relation to benefits offered to senior officers.

3.2 From October to December in depth analysis and preparations were undertaken to offer a whole package of proposed revisions and changes to terms, conditions and benefits for staff in tower hamlets on NJC terms and conditions of employment.

3.3 Trade Union region and branch secretaries were met in December 2018 and briefed that proposals were going to be launched in January 2019. On January 24th 2019 draft proposals were launched. Accompanied with the proposals, in depth briefings were provided to CLT and overviews provided to GPC chair, vice chair, lead member for Resourcing, MAB and the Mayor. Through to the end of May 2019 a series of staff meetings, team briefings, management briefings and drop in sessions were undertaken across Tower Hamlets along with a staff survey. (See *Appendix 1*)

3.4 A series of ten formal consultation meetings and two additional technical sessions with the Trade Unions commenced from 7th February 2019 were undertaken.

3.4 The trade unions have held indicative ballots for strike action during this time and indicated in correspondence to the Mayor and members that all three unions have received positive responses in relation to support for strike action. The trade unions are not supportive of any detriment to staff as a result of the proposals.

3.5 On April 1st year two of the current NJC pay deal was implemented, which led to staff, receiving a minimum of a 2% pay rise.

3.6 Comprehensive feedback has been received from staff, managers and trade unions. During June we are using this to revise and review the draft proposals on terms, conditions and benefits. When this work is complete a revised proposal will be presented to CLT to consider and make decisions on content of final proposals for change. Following this, the revised proposals will be shared formally with the Trade Unions and in a similar way as the initial launch, a series of briefings for managers, staff meetings and frequently asked questions will accompany the final proposals. (See *Appendix 2*)

3.7 Management is keen to reach a collective agreement on the revised proposal document.

4. EQUALITIES IMPLICATIONS

The Council is committed to equalities and such considerations form part of the implementation and proposal process in tower rewards and follows the

collective agreement and Council procedures in regard to equality impact assessment requirements.

5. OTHER STATUTORY IMPLICATIONS

5.1 This section of the report is used to highlight further specific statutory implications that are either not covered in the main body of the report or are required to be highlighted to ensure decision makers give them proper consideration. Examples of other implications may be:

- Best Value Implications,
- Consultations,
- Environmental (including air quality),
- Risk Management,
- Crime Reduction,
- Safeguarding.

6.2 There are no other specific implications arising from this report.

Linked Reports, Appendices and Background Documents

Linked Report

- none

Appendices

- 2.

Local Government Act, 1972 Section 100D (As amended)

List of “Background Papers” used in the preparation of this report

List any background documents not already in the public domain including officer contact information.

- none.

Officer contact details for documents:

- Amanda Harcus 0207 364 4522

Appendix 1:

Activity	Meetings or Responses	Context
Trade Union meetings	10	Consultation and negotiation sessions held. All notes from meetings, unions submissions and management responses are available to staff on the Tower Rewards intranet pages
Trade Union Technical sessions	3	Data discussions on the potential impact of the changes
FOIs	6	Management have provided data and responses
Management updates to Councillors	MAB, GPC and Labour Group meetings	To provide information and to answer questions for our councillors
Staff meetings and drop in sessions	Over 23 sessions	From January 2019 to date
Managers briefing update	160 managers attended	April 3 rd 2019
SLT update	Senior management group	May 22 nd 2019
CLT update	Update on progress	May 9 th 2019
CLT update	Revised proposal	11 th & 18 th June 2019
Mayor/ Members	Revised proposal	Date TBC

Appendix 2:

	Proposed change	Feedback	Our current position
Pay scales	<ul style="list-style-type: none"> Removes overlaps Merge Scale 1. PO1 and 2 and PO5 and 6 Increase of pay above national agreement for PO grades 	<ul style="list-style-type: none"> Suggestion that lower paid staff will be negatively impacted. 	<ul style="list-style-type: none"> No member of staff will see a detrimental impact in base salary as a result of the new pay structure There will be an immediate pay increase for 473 staff. 1080 staff will benefit from future incremental rises
Working week	<ul style="list-style-type: none"> 36 hours per week 	<ul style="list-style-type: none"> Suggested a pay cut for staff Staff working more for less Negative impact on part-time workers 	<ul style="list-style-type: none"> There is no decrease to gross base salary. We welcomed feedback from the trade unions about this element of the proposal
Mobility clause	<ul style="list-style-type: none"> Outside borough – within reasonable limits and subject to consultation 	<ul style="list-style-type: none"> Trade Unions questioned the purpose of the clause unless there are plans to relocate significant numbers of staff outside the borough 	<ul style="list-style-type: none"> We will reimburse staff if they incur additional travelling expenses. Staff are protected by existing employment law if they move outside the Borough as a result of a TUPE transfer
Disciplinary and grievance policies	<ul style="list-style-type: none"> Removal from being contractual 	<ul style="list-style-type: none"> If these are not contractual, staff will be detrimented if they are subject to a TUPE transfer. Suggestion that we will remove right of appeal to Members 	<ul style="list-style-type: none"> Staff subject to TUPE transfer are protected in law. The right of appeal to Members is a constitutional one, rather than a policy one

Notice	<ul style="list-style-type: none"> • One month up to PO3 • Two months PO4, 5, and 6 • Three months LP07 and above 	<ul style="list-style-type: none"> • Suggestion that a reduction in notice periods is a shift towards making people redundant more quickly and with less compensation 	<ul style="list-style-type: none"> • Our position is the change in notices creates an ability to enable knowledge transfer, to take leave during notice and offers a longer lead in for recruitment
On-call	<ul style="list-style-type: none"> • Standard definition and payments for on call work 	<ul style="list-style-type: none"> • No specific feedback received 	<ul style="list-style-type: none"> • Our position to create an equitable , transparent and fair on call arrangements for all which are easy to understand, follow and apply
Overtime	<ul style="list-style-type: none"> • Scale 1- 6 <ul style="list-style-type: none"> • All at 1.25 • SO1 – PO6 plain time calculated on local rates (including London weighting) 	<ul style="list-style-type: none"> • A negative impact of reductions in overtime rates combined with the increase in the working week on lower paid staff. • Suggestion there is a risk the proposal will dis-incentivise bank holiday overtime and require increased agency cover 	<ul style="list-style-type: none"> • There are 3,773 employees in total and of these 640 claimed overtime. Monday to Saturday payments will increase due to the new proposed calculation. There is a slight decrease on a Sunday payment, however an increase in the overall paid salary
Essential Car Usage Allowance	<ul style="list-style-type: none"> • Introduce a minimum mileage threshold • Move to HMRC rates for mileage claims 	<ul style="list-style-type: none"> • Concern about the impact on teams who do not exceed the 1000 miles/ annum 	<ul style="list-style-type: none"> • Standardise the mileage paid and review the roles that need a car to fulfil their duties.

Travel allowance	<ul style="list-style-type: none"> • Move to zones 2-3 	<ul style="list-style-type: none"> • Suggestion that this is pay cut for lower paid staff • Perception that travel allowances are being taken away rather than a change in a process 	<ul style="list-style-type: none"> • As at March 2019 approximately 550 staff receive travel allowances for public transport. • We have asked Trade Unions and staff to suggest ways in which zone 1 travel could be reimbursed for those staff that need it, i.e. pooled travel cards, and revised expense process. • A understanding of the roles that fulfil the criteria is being undertaken
Severance Pay	<ul style="list-style-type: none"> • Removal of severance pay scheme 	<ul style="list-style-type: none"> • A shift towards making people redundant more quickly and with less compensation • Perceived as a 'reward' for length of service • Not good use of public money 	<ul style="list-style-type: none"> • The current severance payment is a discretionary and non-contractual payment. • We propose to remove the severance element and reinvest it in our current workforce through the proposed revised LBTH grade structure
Pay Protection	<ul style="list-style-type: none"> • Reduction to 1 year full pay protection 	<ul style="list-style-type: none"> • Reduction in pay protection will impact staff making long term financial commitments based on current earnings 	By not proceeding with the proposal exposes us to a potential equal pay claim risk
Soulbury & JNC	<ul style="list-style-type: none"> • Move to NJC conditions 	<ul style="list-style-type: none"> • Concern raised about the process 	<ul style="list-style-type: none"> • Feedback taken into account as part of the review process

Annual Leave	<ul style="list-style-type: none"> Scale 1-5: 24 days Scale 6 – Divisional Director: 28 days plus 4 after 5 years Chief Executive and Corporate Directors leave reduced by 6 days 	<ul style="list-style-type: none"> Proposals welcomed 	<ul style="list-style-type: none"> Feedback taken into account as part of the review process
Flexi - Leave	<ul style="list-style-type: none"> Removal of scheme (not the ability to work flexibly) 	<ul style="list-style-type: none"> Perceived loss of the ability for staff to work flexibly. There is insufficient trust between managers and staff for flexible working to function without timesheets. Staff will not be recompensed for working overtime Guidance and training needed for all managers and staff 	<ul style="list-style-type: none"> We understand the need to provide guidance and training to support and upskill managers and employees in enabling flexible working wherever possible. We welcomed discussion with trade unions and staff more widely on the development of an approach which is open, transparent and equitable for all staff
Buying Annual Leave	<ul style="list-style-type: none"> Up to 5 days per annum 	<ul style="list-style-type: none"> Trade Unions suggested this is a strategy to make staff buy leave instead of using flexi and special leave Proposals welcomed by staff 	<ul style="list-style-type: none"> It provides a cost effective optional benefit for staff. There is no impact on pension
Excess Travel Policy	<ul style="list-style-type: none"> Sets out compensation for travel if base moved 	<ul style="list-style-type: none"> Trade Unions suggested the excess travel policy offers little compensation to relocated staff. 	<ul style="list-style-type: none"> Feedback taken into account as part of the review process
Cash Award	<ul style="list-style-type: none"> Divisional Directors can award up to £500 to recognise excellence 	<ul style="list-style-type: none"> Staff concerns about transparency of process 	<ul style="list-style-type: none"> Feedback taken into account as part of the review process

Non-cash Award	<ul style="list-style-type: none"> Line managers can give a non-cash gift up to the value of £50 as a thank you 	<ul style="list-style-type: none"> Staff concerns about transparency of process 	<ul style="list-style-type: none"> Feedback taken into account as part of the review process
Refer a friend	<ul style="list-style-type: none"> £500 for referring a hard to fill role (social workers/ occupational therapists) – when they stay employed 	<ul style="list-style-type: none"> No specific feedback 	<ul style="list-style-type: none"> Feedback taken into account as part of the review process
Market Supplement Policy	<ul style="list-style-type: none"> Standardisation of policy to replace current departmental arrangements 	<ul style="list-style-type: none"> Trade Unions suggest that a Market Supplement Policy should apply equally to all post holders and payments must be fully transparent. 	<ul style="list-style-type: none"> Market supplements can be used as a recruitment strategy where a business case is made. This is done on a case by case basis
Rent deposit scheme	<ul style="list-style-type: none"> Loan to staff from LBTH for a rent deposit repayable through salary 	<ul style="list-style-type: none"> No specific feedback 	<ul style="list-style-type: none"> Part of the review process
Special leave	<ul style="list-style-type: none"> To change in line with what staff want and value 	<ul style="list-style-type: none"> The opportunity to extend bereavement leave was welcomed There was concern about the impact of reductions in special leave days on magistrate duties The process for requesting special leave could be streamlined and clearer guidance issued for staff and managers Special leave needed in-built flexibility to respond to periods of long-term sickness/ periods of caring. 	<ul style="list-style-type: none"> We have received feedback from staff and have invited the Trade Unions to have further discussion on the future requirements for special leave

<p>Pay progression</p>	<ul style="list-style-type: none"> • A closer link between pay and reward. All staff will need to demonstrate they are performing at a satisfactory level of performance and demonstrate excellence at PO1 and above to access the top point of the grade. 	<ul style="list-style-type: none"> • Suggested a shift towards performance related pay. 	<ul style="list-style-type: none"> • Wording in original document generated anxiety and needs amending
<p>Shift/ weekend working allowances</p>	<ul style="list-style-type: none"> • Create consistency, fairness and clear guidance to all staff on how these allowances are calculated and where they apply 	<ul style="list-style-type: none"> • Staff working in essential services at unsociable times negatively impacted • Concerns about impact of losing evening and weekend enhancements due to changes in hours 	<ul style="list-style-type: none"> • 415 combinations of shift allowance and/or weekend allowance and/or night work, claimed by 238 staff (6.3 % of the total impacted by the proposal) • Only 12 are in lower grades (Scales 1-6). There will be some impact on pay and we welcome feedback from the trade unions on how we can minimise this