

Notice of meeting and agenda



Midlothian Council

Venue: Council Chambers

PLEASE NOTE: This meeting will commence at 3pm or at the conclusion of the Special Performance, Review and Scrutiny Committee whichever is later,

Date: Wednesday, 08 June 2016

Time: 15:00

John Blair
Director, Resources

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1 Welcome, Introductions and Apologies

Please note that this a special meeting of Midlothian Council and due to the nature of the business to be considered is not open to members of the public.

2 Order of Business

Including notice of new business submitted as urgent for consideration during the meeting.

3 Declarations of Interest

Members should declare any financial and non-financial interests they have in the items of business for consideration, identifying the relevant agenda item and the nature of their interest

4 Minutes of Previous Meeting

No previous minutes will be submitted to this special Council meeting for approval or noting.

5 Public Reports

There are no reports to be considered in public at this special meeting of the Council.

6 Private Reports

THE COUNCIL IS INVITED (A) TO CONSIDER RESOLVING TO DEAL WITH THE UNDERNOTED BUSINESS IN PRIVATE IN TERMS OF PARAGRAPH 11 OF PART 1 OF SCHEDULE 7A TO THE LOCAL GOVERNMENT (SCOTLAND) ACT 1973 – THE RELEVANT REPORTS AND THEREFORE NOT FOR PUBLICATION; AND (B) TO NOTE THAT NOTWITHSTANDING ANY SUCH RESOLUTION, INFORMATION MAY STILL REQUIRE TO BE RELEASED UNDER THE FREEDOM OF INFORMATION (SCOTLAND) ACT 2002 OR THE ENVIRONMENTAL INFORMATION REGULATIONS 2004

6.1 Review of Local Government Workers Pay and Grading - Report by Chief Executive

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Not for Publication by virtue of paragraph 11 of Part I of Schedule 7A to the Local Government (Scotland) Act 1973.

Review of Local Government Workers Pay and Grading

Report by Kenneth Lawrie, Chief Executive

1 Purpose of Report

This report appraises Council on the position with the Review of Local Government Workers Pay and Grading arrangements.

The report updates Council on the outcome of the negotiations to secure a collective bargaining agreement and seeks approval to make a formal proposal to the recognised Local Government Workers Trade Unions, Unison, Unite and UCATT.

The proposal encompasses the four strands of the review, namely:-

- Changes to the pay and grading structure for Local Government Workers;
- Changes to the Council's HR Policy Framework;
- The adoption of an expanded employee non financial benefits package; and
- The enhancement of Lifelong Learning.

2 Background

On 24 March 2015 Council approved a revised scope for the Review of Local Government Workers pay and grading arrangements recognising that the review required to:-

- Redefine the minimum pay point for Midlothian Council, which at that time was £7.65 per hour, addressing "low pay" and making Midlothian Council competitive in attracting employees;
- Be limited to the lowest pay grades impacted by the creation of the new minimum pay point to ensure the revised structure remains legislatively compliant;
- Promote and re-enforce reward for more flexible working within job profile principles;
- Be financially affordable;
- Define a sustainable strategy to maintain differentials regardless of the future of externally determined living wage rates;
- Secure commitment from the Trade Unions for collaborative working to facilitate 24/7 services; including a review of public holiday arrangements;

- Offer more opportunities for lifelong learning leading to progression through pay grades as part of trainee and apprenticeship opportunities;
- Deliver a diverse range of additional employee benefits;
- Maintain employee relations;
- Strengthen various aspects of the Absence Management procedure;
- Address culture issues, including behaviour standards, conduct and work within the spirit of the People Strategy, reflecting the employee proposition - 'The give and the get'.

Consequently, the scope of the review encompassed:-

- The base pay offered on grade one and a review of differentials across the lowest grades within an affordable financial target;
- The identification and procurement of a "non financial" benefits package which adds value for employees to the Council's total reward package;
- An increase in the capacity for lifelong learning;
- Specific changes in employee behaviour that facilitate flexible working;
- Facilitate opportunities for increased delivery of 24/7 services and improvements to the customer experience; and
- Compliance with equal pay legislation and equality principles.

At this meeting Council agreed to:-

- a) Note the proposals set out in the report and agree the resultant modified scope for the review; and*
- b) Receive a further update at Council meeting on 23 June 2015.*

Council was updated on progress with the Review on 23 June 2015, 22 September 2015, and latterly on 15 December 2015.

On 23 June 2015 Council agreed to:-

- a) Note the future years implications of incorporating the Living Wage into the existing pay structure and that the pay and grading review provides a means to address this;*
- b) Agree in principle that those employees on the lowest pay point should receive the largest percentage increase in their hourly rate;*
- c) To set a cost ceiling of £1.4 million, approximately 1.9% of the pay bill for the review;*
- d) Give approval to proceed with the adoption of a non financial benefits package and approve the procurement of a provider for these;*
- e) Note the requirement to ensure proposals are legislatively compliant;*
- f) Authorise the Chief Executive to enter into negotiations with the recognised Trades Unions on the review as a whole as set out in this report;*
- g) Note that it is intended to present a further report to Council in September 2015, dependent on the progress of Trade Union negotiations.*

On 22 September 2015 Council agreed to:-

- a) Note the position with the introduction of the National Living Wage;*
- b) Note that Trade Union negotiations are ongoing; and*
- c) Receive a further report in due course.*

On 15 December 2015 Council agreed to:-

- a) Note the national development since 22 September 2015;*
- b) Note that Trade Union negotiations are ongoing; and*
- c) Note that a further update will be provided to Council on 9 February 2016.*

The delay in bringing forward this further report is a result of the extended nature of the negotiations with the Local Government Trade Unions as set out at paragraph 4 below.

3 The Case for Change

The previous reports to Council outlined the justification for the Review of the Local Government Workers pay and grading, and the scope of the review.

The overarching aims of the proposed package of changes set out later in this report includes:-

- Tackling in-work poverty;
- Positioning Midlothian as an employer of choice in the employment market;
- The need to ensure that the Council has a pay and grading structure which can sustain future increases in the Living Wage and which maintain differentials across pay grades;
- Adopting terms and conditions and an HR Policy Framework which supports and facilitates service change, ensuring that services can be adapted to continue to meet customer needs;
- Adopting terms and conditions and an HR Policy Framework which will bring improvements in attendance and productivity across the Council.

4 Trade Union Negotiations

Negotiations with Trade Union representatives commenced in August 2015 and overall have proved to be broadly positive and constructive.

A full package of proposals was put to the Trade Union representatives on 24 March 2016 requesting confirmation at the next negotiating meeting scheduled on 13 April 2016 whether or not they were willing to take that package of proposals to their members in the form of a ballot. At the meeting on 13 April 2016 a further change was negotiated, i.e. being an increase of one day in the annual leave entitlement. Unison representatives indicated at that meeting that they would take the revised package of proposals to their members. Further negotiating meetings took during April and May 2016 where the discussion was focussed on the extent of the pay protection arrangements. These meetings were aimed at securing agreement from Unite and UCATT.

On 25 May 2016, after introducing changes to the pay protection arrangements, agreement was reached with all three Trade Unions that they would ballot their members on whether to enter into a collective agreement in respect of the pay and grading strand of the review only. Trade Union representatives did not feel it was necessary to ballot members on the other three strands and considered this approach would allow their members to give full consideration to the proposed changes to pay and grading. If the ballot process endorses entering into a

collective agreement on this specific strand then the Trade Unions have committed to doing so in respect of the whole package of proposals.

Subject to Council approval of the recommendations as set out in this report the package of proposals will be formally communicated to the recognised Trade Unions, with the result of the ballots determining whether the Trade Unions will enter into a collective bargaining agreement as a means to implement the proposals.

Each Trade Union will independently ballot their respective members and it is expected that the three Trade Union ballots will take place from 10 to 24 June 2016 with the results known and issued before the Council meeting on 28 June 2016. If the ballots support a collective agreement then the proposals can be implemented with effect from 1 October 2016. If there is no unanimity in the results of the ballots across the three Trade Unions then the Trade Unions have agreed that a simple majority of those members of the Trade Unions who vote in favour of accepting the Council's proposals will be sufficient in itself to reach a collective agreement.

5 The Proposal

5.1 Pay and Grading

Redefining the minimum pay point for Local Government Workers is vital in addressing low pay, making Midlothian Council competitive in attracting front line employees, the ambition to deliver excellence and to be considered as an employer of choice, particularly to Midlothian school leavers.

Increasing the hourly rate for staff at the lower end of the pay structure will directly alleviate the impact of low pay and also facilitates a shift away from a culture in some service areas where regular overtime is the norm, in order to support service provision and to supplement contractual earnings.

Since the report to Council on 24 March 2015 the national pay bargaining process has already contributed to increasing the minimum pay point. The two year national pay agreement for 2015 to 2017 has as a minimum an hourly rate which equates to the living wage plus 1%. As such the minimum hourly rate now stands at £8.33 per hour. This represents an increase over the period of £0.68 per hour.

The review of pay and grading builds upon this increase with a proposal to improve the minimum pay point to £8.97 per hour from 1 October 2016, together with increases in hourly pay rates for approximately 1,900 staff across grades one to four. Overall the minimum pay point will have increased by £1.32 per hour compared with the hourly rates which were in place on 24 March 2015.

Table 1 sets out the proposed pay rates for grades one to four which would be implemented as part of this review.

Table 1 – Proposals for grades one to four with effect from 1 October 2016

Pay Point	Hourly Rate	£ Weekly Amount	£ Annual Salary	Grade and Increments		
23	£8.97	£322.92	£16,849.97		Grade 1	
24	£9.10	£327.60	£17,094.17	£244.20		
25	£9.24	£332.64	£17,357.16	£262.99		
26	£9.37	£337.32	£17,601.36	£244.20		
27	£9.51	£342.36	£17,864.34			Grade 2
28	£9.65	£347.40	£18,127.33			
29	£9.79	£352.44	£18,390.32			
30	£9.96	£358.56	£18,709.66			
31	£10.10	£363.60	£18,972.65	£262.99	Grade 3	
32	£10.22	£367.92	£19,198.07	£225.42		
33	£10.40	£374.40	£19,536.19	£338.13		
34	£10.55	£379.80	£19,817.96	£281.77		
35	£10.73	£386.28	£20,156.09			Grade 4
36	£10.88	£391.68	£20,437.86			
37	£11.05	£397.80	£20,757.20			
38	£11.22	£403.92	£21,076.55			

The current Local Government Workers salary scales together with those proposed by this review are set out in Appendix 1. Appendix 1 also includes the proposed means of assimilation to the new grades.

The combination of the adoption of the Living Wage plus 1% as part of the national pay agreement and the expected future increases in living wage levels together with the proposed salary scales for grades one to four would on their own not only significantly increase the Council pay bill but importantly they would not fail to address issues around flexibility. They would in all likelihood however, continue to support a culture where service provision is reliant on overtime working.

As such the negotiations with the Trade Unions have sought to identify a number of changes to the terms and conditions which go some way to making the overall cost more sustainable and also facilitate significant improvements in flexibility. Fuller details of the proposed changes are set out in Appendix 2 and are summarised as follows.

- A reduction to four recognised public holidays (two at Christmas and two at New Year) with the remaining five public holidays becoming part of employees annual leave entitlement;
- Contracted Saturday and Sunday working are paid at the standard hourly rate (except 10pm – 6am) rather than the current time and a fifth;
- Contractual night working between the hours of 10pm to 6am continues to be paid at time and a fifth;
- Raising the threshold before overtime premium applies from 36 hours to 40 hours in any week;
- Reducing the overtime premium paid for hours worked above 40 hours per week from time and a half to time and a quarter;
- Annual Leave entitlement enhanced by one additional day;

- Standby arrangements remain as at present, i.e. payment for first two hours for first call out and time and a half premium for time worked under standby arrangements. The standby payment will be increased to a flat rate of £20 per day.

The review encompasses 3,460 employees on Local Government Workers terms and conditions. 2,138 employees will see an increase in their contractual earnings, 939 will see no change and 383 will be in detriment for which pay protection arrangements are proposed. Appendix 3 sets out the position across the fourteen Local Government Workers grades.

Section 7.1 sets out the overall budgetary implications of the pay and grading changes.

5.2 Policy Framework Proposals

The scope of the review included securing specific changes in the organisational culture that facilitates greater flexible working, the delivery of 24/7 services and an improved customer experience. This complements the Council's approved People Strategy, reflecting the employee proposition - 'The give and the get', designed to support positive change across the workforce.

A set of proposed changes to the HR Policy Framework, including a fundamental review of the Code of Conduct, have been developed with the Trade Unions. The revised Code of Conduct places an emphasis on the culture which the Council seeks to encourage as set out in the People Strategy and which support the Council's vision and values. The revised Code of Conduct will be strongly focused on the quality of customer engagement and the delivery of excellent customer service. It will make it clear that appropriate behaviours are a requirement of excellent performance and not a matter of individual choice for employees.

Appendix 4 sets out the proposed changes to the Council's HR Policy Framework. These changes will not only ensure that the policies remain legislatively compliant and reflect best practice, but also secure changes which fully support modern 24/7 services with greater flexibility.

The changes impact on the following policies:-

- Maximising Attendance at Work;
- Disciplinary, Grievance and Prevention of Bullying and Harassment at Work;
- Time Off Provisions;
- Job Families and Flexibility;
- Competency Framework/Performance Improvement Policy; and
- The Mi Future Policies.

In respect of maximising attendance while the Council's performance is comparable with that of other Scottish Local Authorities (in 2014/15 there were 10.11 days absence per employee versus a Scottish average of 10.80 days) the expectation is that the changes to the policy will assist in reducing the days lost and so reducing the impact absence has on service delivery.

The proposed changes to the Council's Disciplinary Policy includes a recommendation that Council's Standing Orders and Scheme of Administration be amended to allow for the appointment of an independent chair to the Appeals Committee. It is intended that detailed changes in this respect be brought forward to a future meeting of the Council for approval.

The changes outlined in Appendix 4 represent a significant shift in the policy framework, and whilst it is challenging to place a monetary value on the impact of these changes it is fully expected that they will provide managers with a framework in which to fully support the delivery of modern 24/7 services, improve productivity and deliver greater opportunities for flexibility.

5.3 Non Financial Benefits

A survey of local government employees during May 2015 provided a resounding endorsement of the existing benefits offered by Midlothian Council with the first seven most valued rewards those already offered.

Existing Benefits

- Up to a maximum of 6 months full pay and 6 months half pay for sickness absence;
- Annual Leave and Public Holiday entitlements;
- Paid/Unpaid Special leave;
- Physiotherapy Referral Service;
- Flexible Working;
- Defined Benefit Pension Scheme with life insurance for Death in Service;
- Flexi-time.

The most valued of the possible benefits surveyed proved to be:

Valued Additional Benefits

- High Street Discounts (e.g. from supermarkets and other national retailers);
- Health Screening (e.g. blood pressure, cholesterol, to checking diabetes or cancer screening);
- Travel Discounts (savings on holidays, airport parking etc.);
- Leisure Discounts (e.g. family days out, restaurants, spa days, experience days);
- Cinema Discounts (from popular cinema chains);
- Healthcare Cash plans (e.g. help towards optician and dental bills);
- Cashback Deals (from major retailers);
- Learning Assistance – non work related (e.g. to pursue further education);
- Improved discounts on other Council sponsored activities (e.g. Leisure Centres and Snowsports Centre).

A recurring theme was the desire for an improved and more flexible membership package for employees to access Midlothian Leisure facilities from that currently available in the Corporate Tone Zone membership offering.

Following Council approval on 23 June 2015, a suitable provider of a package of non financial benefits has been procured competitively through the Crown Commercial Services framework contract, namely Edenred. Edenred will replace the existing provider of childcare vouchers and the cycle to work scheme. It will also provide the option to provide a range of expanded non financial benefits for Local Government Workers. The expanded range of benefits requires a set up payment of £2,000, thereafter £1 per employee p.a. for the license fee. The administrative demand on the Employment and Reward team is yet to be evaluated and will depend on the final range and take up of benefits offered. Appendix 5 sets out further details.

The opportunity exists, through negotiation, to offer an expanded range of non financial benefits to Teachers and other employees on Teaching Employee's terms and conditions, though at present this is out with the scope of this review.

5.4 Lifelong Learning

The scope of the review recognised that Lifelong Learning has an important role in supporting employees to gain new skills and qualifications as a means to increase their earnings. As part of the negotiations with Trade Unions there has been a joint commitment to revisit the Council's Lifelong Learning Policy with a view to redeveloping and re launching the lifelong learning agenda. This recognises that we have a shared organisational commitment to lifelong learning, which sits alongside changes to the Code of Conduct and the HR Policy Framework.

As such there is:-

- A joint recognition of the importance of lifelong learning and the skills agenda in the workplace, the home, community and wider society;
- A joint recognition that lifelong learning can bring forward the benefits of everyday skills development in the workplace;
- A shared vision at a corporate level of striving to develop and implement a culture of learning; and
- A commitment to working in partnership to develop our services through Delivering Excellence.

Actions that have been jointly committed to taking include:-

- Support for the lifelong learning agenda by; supporting the re-launch of lifelong learning, encouraging a learning culture, support a learning committee, and to give support to secure external funding;
- That Council facilities will continue to be made available to be used as a resource for lifelong learning;
- Midlothian Council will support Trade Union colleagues to communicate and promote lifelong learning opportunities;
- To review the time lifelong learning representatives' are given and support them to carry out their role as learning champions. We will endorse this by encouraging a cross directorate representation of Managers to become learning champions;
- Defining in principle when learning should take place in the workplace as part of skills development and career progression;

- The encouragement of lifelong learning in all our employees, this can take the shape of:- shadowing, job swaps, mentoring, coaching, research and reading. This can be encouraged through the 'learning at work day' each May. Learning on this day symbolises our commitment to learning as an organisation and will support organisational culture change;
- There will be a closer link fostered between 'Making Performance Matter' and employee learning. Learning is essential when we want to improve performance to achieve better outcomes; and
- Working with Trade Union colleagues to establish a plan of action for lifelong learning and support the monitoring and progress of this plan.

5.5 Overall Proposals

The package of proposals encompasses all Local Government Workers and also Chief Officials in so far as they have shared terms and conditions and policies. However the addition of one day annual leave will not apply to Chief Officials. The package of proposals does not apply to Teachers and other employees on Teachers terms and conditions.

The proposed collective bargaining agreement is detailed at Appendix 6, with Appendices 1, 2 and 4 of this report also forming part of the overall agreement. Approval is sought to formally put the package of proposals to the recognised Trade Unions.

The final proposals have been arrived at through negotiation with the Trade Unions and accordingly represent a package which, subject to the outcome of the Union ballot process, will form a collective agreement. If Council were minded to change or reject any element of the proposals today it would then be necessary to reopen negotiations with the Trade Unions on the full package of proposals. It is also important to note that the Equality Impact Assessment would also require to be reassessed if Council were minded to change or reject any element of the pay and grading proposals.

Through the negotiations there has been a joint commitment to carry out annual reviews of the Local Government Workers pay and grading arrangements and the associated HR Policy Framework. This is reflected in the draft collective bargaining agreement supporting the joint commitment to secure increases in productivity, a positive shift in workplace culture and behaviours with a consequential reduction in formal employee relations case work, higher levels of attendance, enhanced productivity and reduced reliance on additional overtime hours. The review process will help drive these changes and identify opportunities for further change.

6 Equality and Legislative Implications

The proposal increases the hourly rates of pay of the lowest paid employees within grades one to four rather than a small increase across the whole pay structure because:

- Some residual employee relation issues remain amongst the lowest grades, nearly seven years after the implementation of Single Status, borne out by higher turnover and sickness absence levels in some services;

- These issues also manifest in disagreement regarding updates to working practices and employees working to their job description; and
- The reward strategy implemented in 2009 resulted in Midlothian Council salaries generally being at the lower end of the market compared to other Scottish Local Authorities. There have also been low percentage cost of living pay awards since 2010 and as a consequence some bonus earning front line employees have never attained pre 2009 review earnings levels.

Council also recognises that front line employees are an important interface between Midlothian residents and the Council and so directly influence public perception regarding service delivery. Justification of cost differentials in service delivery between the private and public sector require a demonstrable difference in the quality of services delivered, which is dependent on the recruitment and retention of the best front line employees.

The proposals include measures to mitigate the loss of contractual earnings for some 383 employees whose contractual earnings would otherwise reduce as a consequence of the proposals. The detail is set out in Appendix 2 and which provides employees with a choice of either an upfront payment equating to a sum equivalent to thirty months of the reduction in contractual earnings at the point of implementation or for three year pay projection on cash conserved basis.

The Equality Impact Assessment has been carried out by Rachel Edgar an independent consultant. The analysis has been completed and Ms Edgar has confirmed that there are no fundamental issues that would require an amendment to the package of proposals. However at the time of writing her detailed report has still to be finalised.

The annual review process agreed with the Trade Unions will be utilised to follow up on any general issues that may be identified in the detailed report to ensure that actions can be developed to address these.

An initial Equality Impact Assessment has also been carried out on the proposed changes to the Code of Conduct and the HR Policy Framework. This has not highlighted any issues at this point. As the changes are incorporated into the fully revised HR policies a further Equality Impact Assessment will be completed.

7 Report Implications

7.1 Resource

The budget provision for the Local Government Workers' pay bill for the current year is £76.9 million.

Council on 23 June 2015 set a cost ceiling of £1.4 million for the review. Early pay modelling work identified that the combination of projected future years increase in the independently set Living Wage and the UK Government proposals for a new National Living Wage would in themselves bring significant upward pressure on the pay budget. This pay modelling work also identified that the pay and grading structures which could be contained within the cost ceiling would not be resilient to changes in the national pay environment and as such would quickly become redundant requiring a further revision within a very short timescale.

If changes to the pay and grading structure were limited to addressing compliance with the future expected National Living Wage (currently £7.20 rising to £9.00 by 2020/21) then it is estimated that the budgeted pay bill would need to increase by approximately £2.3 million per annum over that period. The challenge has therefore been to develop pay and grading proposals which achieve the original aims of the review, increasing pay levels at the lower end of the grade structure and which provide resilience against future increases in the National Living Wage etc, maintain differentials between grades and which remain affordable in the context of the £2.3 million cost outlined above.

On a standalone basis the proposed grading structure set out in Appendix 1 would increase the budgeted pay bill over the next four years by approximately £3.330 million. To partially mitigate this cost, but more importantly to create an overall reward structure which has less reliance on overtime and which supports greater flexibility, the changes to terms and conditions as set out in Appendix 2 are expected to reduce the overall cost by £0.660 million to £2.670 million. Whilst this represents a significant increase in the budgeted pay bill at a time of considerable financial challenge for local government, the investment has to be considered in context of the expected cost pressures arising from the predicted increase in the National Living Wage and the wider context of the objectives of the review.

The part year effect of the proposals, implemented on 1 October 2016, would add £0.470 million to the 2016/17 pay bill which can be met from the £0.950 million provision which was included in the 2016/17 budget agreed by Council on 8 March 2016.

There is a one off costs associated with the review, the cost of pay protection. On the assumption that 50% of staff who would receive pay protection opt for the upfront payment, is estimated that the remainder of the 2016/17 provision, £0.480 million will be required to meet the cost of pay protection. As such it is recommended that the remaining provision of £0.480 million in 2016/17 is utilised to meet this cost over the years 2016/17 to 2019/20.

The implications for future financial years arising from the overall increase in the pay bill of £2.670 million will be incorporated into future years budget projections which will be reflected in future financial strategy reports. These reports will also set out the strategy, timeline and in turn, the actions proposed to address the projected budget shortfalls.

The cumulative financial implications of the proposals as set out in this report and described above are:

Table 2: Financial Overview

	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m	Total £m
Impact of National Living Wage	0	1.000	1.700	2.300	2.300
Cost of Proposals	0.800	1.613	1.270	1.030	1.030
Additional cost of Proposals	0.800	2.613	2.970	3.330	3.330
Less Offsets	(0.330)	(0.660)	(0.660)	(0.660)	(0.660)
Net Cost of Proposals	0.470	1.953	2.310	2.670	2.670
Pay Protection					
Upfront	0.302	-	-	-	0.302
Cash Conservation	0.071	0.061	0.030	0.016	0.178
Pay Protection total costs	0.373	0.061	0.030	0.016	0.480

7.2 Risk

The proposals set out in the report will help address the risks associated with in work poverty. The minimum hourly pay rate for Midlothian Council employees will be £8.97 per hour or 8.7% above the National Living Wage. The proposals provide a pay and grading structure which is expected to increase Midlothian Council's competitiveness in attracting front line employees.

The proposals set out in this report not only address the integration of the National Living Wage but also reduce the risk of the grade structure becoming eroded as nationally determined living wage levels increase. Modelling projections indicate that the existing pay and grading structure could not sustain the anticipated increase in National Living Wage and so a fundamental review would inevitable be required before 2020. The proposals set out in this report mitigate this risk.

The review results in an increased pay bill, mitigated in part by the changes proposed to terms and conditions and which is supported by significant changes in the HR Policy Framework. In return for the investment in the pay bill Council can utilise the new arrangements to secure the long-term outcomes and the changes needed in the organisation to deliver on the Council's priorities. The risk of not maximising these opportunities will impact on the Council's ability to change service and so its financial sustainability.

An independent Equality Impact Assessment has been undertaken and this confirms that there is minimal risk of direct or indirect pay inequality as a consequence of the proposals.

The proposed pay protection arrangements are aimed at mitigating the impact of any loss in contractual earnings. The proposals also impact on non contractual earnings, such as overtime. However, as the Council is not obliged to maintain non contractual earnings, it is considered unnecessary to mitigate any adverse impact this may have.

A larger pay rise for some employees may prove de motivating for those not impacted by the review. It is anticipated that the overall package, including the

additional day annual leave and package of valued non financial rewards and benefits would offer mitigation to this risk.

With any change in pay and grading arrangements there is a risk that employee relation issues may arise leading to industrial unrest particularly for any groups of employees who consider that the proposals fall below their expectations or who consider that the proposals might have a detrimental impact on them. This risk has been mitigated in part by seeking to achieve a negotiated agreement with the recognised Trades Unions.

The Trade Unions will ballot their members on the proposed changes to the pay and grading structure and as such there is a risk of the proposals being rejected. The negotiations have resulted in a package of proposals which goes a long way to mitigate this risk. If however the ballots were to reject the proposed agreement a further report will be presented to Council outlining the position and options available to Council.

7.3 Single Midlothian Plan and Business Transformation

Themes addressed in this report:

- ☐ Community safety
- ☐ Adult health, care and housing
- ☐ Getting it right for every Midlothian child
- ☒ Improving opportunities in Midlothian
- ☐ Sustainable growth
- ☒ Business transformation and Best Value
- ☐ None of the above

7.4 Key Priorities within the Single Midlothian Plan

The Single Midlothian Plan sets out the partnerships three key priorities of:

- Reducing the gap in learning outcomes
- Reducing the gap in health outcomes
- Reducing the gap in economic circumstances

The proposals set out in this report directly support the third of these priorities. Moreover, whilst pay and grading structures do not in isolation create organisational change, they can assist in facilitating changes which allows the Council to focus on its key priorities and to utilise the staff resource in an effective manner.

7.5 Impact on Performance and Outcomes

The Council seeks to encourage a motivated and high-achieving workforce in order to adapt to changing service demands and reducing financial resources. By ensuring that the Council offers a range of appropriate rewards it is likely the workforce will be more committed and motivated in the workplace.

7.6 Adopting a Preventative Approach

Implementing all elements of the review, including increasing lifelong learning opportunities may make frontline employees feel more valued and result in a reduction in staff turnover and absence levels.

7.7 Involving Communities and Other Stakeholders

The proposals set out in this report have been developed through negotiation with the recognised local government Trade Unions, adopting the partnership arrangement set out in the Recognition and Procedural Agreement.

This report addresses internal employment issues and therefore does not involve external stakeholders, although the proposals require to be considered alongside the contractual arrangements of the Council's contractors, suppliers and other external providers. In this respect Council is recognised as a living wage employer, having received accreditation in April 2016.

A communication strategy, based on the collective bargaining route has been developed to ensure that all local government employees are briefed on the proposals and the implications. This will include a letter to each employee which will be issued over the coming days and also briefing sessions as required.

7.8 Ensuring Equalities

The proposals have been independently equality impact assessed. The assessor assessment has confirmed that that improving pay levels for the lowest grades has a positive impact on addressing in work poverty, with a positive impact on pay for female workers. It will also contribute to the local economy and as such contribute to addressing the wider issue of inequality.

7.9 Supporting Sustainable Development

There are no issues relating to environmental sustainability arising from this report.

7.10 IT Issues

The implementation of the proposals will require changes to the business applications, principally iTrent to facilitate the revisions to pay and grading etc as set out in this report. These are encompassed and resourced in the associated implementation plans.

8 Summary

This report appraises Council on the position with the Review of Local Government Workers Pay and Grading Arrangements. It seeks approval to make a formal offer to the Trade Unions with the aim of securing a collective bargaining agreement.

The proposal encompasses the four strands of the review, namely:-

- Changes to the grade structure;
- Changes to the HR Policies;
- The adoption of an expanded employee benefits package; and
- Enhancement of Lifelong Learning.

The review proposes a minimum hourly rate of £8.97 and will result in increase in hourly rates of pay for staff across grades one to four together with changes in terms and conditions which contribute to making the overall cost more affordable but which also facilitate significant improvements in flexibility.

The review encompasses a number of significant changes in the HR Policy Framework which not only ensure that the Policy Framework remains legislatively compliant and reflects best practice, but also secures changes which fully support modern 24/7 services and greater flexibility.

The increase in hourly rates as a consequence of the national pay agreements and specifically as a consequence of this the review while helping to alleviate in work poverty will increase the Council's overall pay bill. The review itself is expected to add a further £2.670 million to the pay bill over the next four years.

9 Recommendations

Council is recommended to:

- a) Note that negotiations with Trade Unions have been broadly positive and that, subject to Council approval of the proposals the Trade Unions, have undertaken to ballot their members on the proposals as part of the process to secure a collective bargaining agreement;
- b) Note the intention to bring forward a recommendation to a future meeting of Council to change the Council's Standing Orders and the Scheme of Administration to allow for the appointment of an independent chair to the Appeals Committee as referred to in section 5.2;
- c) Note the financial implications as set out in section 7.1;
- d) Approve the proposals arising from the review as set out in this report and as detailed in the Appendices;
- e) Authorise the Chief Executive to make a formal offer as part of the collective bargaining process to the recognised Trade Unions;
- f) To receive an update on the outcome of the ballot process at Council on 28 June 2016;
- g) Subject to the outcome of the ballots, to authorise the Chief Executive to implement the proposals by means of collective bargaining agreement;
- h) Subject to the outcome of the ballots, if approved, note the intention of the Chief Executive to establish an implementation group; and
- i) Otherwise note the contents of the report.

Date: 2 June 2016

Gary Fairley, Head of Finance & Integrated Service Support

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Local Government Workers Current Pay Scales – April 2016.

Spinal Column Point	Hourly Rate	£ Weekly Amount	£ Annual Salary	Grade		
18	£8.33	£299.88	£15,647.74	Grade 1		
19	£8.44	£303.84	£15,854.37		£206.63	Grade 2
20	£8.56	£308.16	£16,079.79		£225.42	
21	£8.69	£312.84	£16,323.99		£244.20	
22	£8.83	£317.88	£16,586.98	£262.99		
24	£9.10	£327.60	£17,094.17			
26	£9.37	£337.32	£17,601.36			
28	£9.65	£347.40	£18,127.33			
30	£9.96	£358.56	£18,709.66		£582.33	Grade 4
32	£10.22	£367.92	£19,198.07		£488.40	
34	£10.55	£379.80	£19,817.96		£619.90	
36	£10.88	£391.68	£20,437.86		£619.90	
40	£11.54	£415.44	£21,677.66	£1,239.80	Grade 5	
42	£11.87	£427.32	£22,297.56	£619.90		
44	£12.25	£441.00	£23,011.38	£713.82		
46	£12.61	£453.96	£23,687.63	£676.25		
48	£13.01	£468.36	£24,439.02		£751.39	Grade 6
50	£13.40	£482.40	£25,171.63		£732.61	
52	£13.80	£496.80	£25,923.02		£751.39	
54	£14.22	£511.92	£26,711.99		£788.96	
58	£15.09	£543.24	£28,346.26	£1,634.28	Grade 7	
60	£15.55	£559.80	£29,210.36	£864.10		
62	£15.99	£575.64	£30,036.90	£826.53		
64	£16.50	£594.00	£30,994.92	£958.02		
66	£16.99	£611.64	£31,915.38		£920.46	Grade 8
68	£17.52	£630.72	£32,910.97		£995.59	
70	£18.04	£649.44	£33,887.78		£976.81	
72	£18.58	£668.88	£34,902.16		£1,014.38	
74	£19.16	£689.76	£35,991.68	£1,089.52	Grade 9	
76	£19.72	£709.92	£37,043.63	£1,051.95		
78	£20.34	£732.24	£38,208.28	£1,164.66		
80	£20.95	£754.20	£39,354.16	£1,145.87		
82	£21.56	£776.16	£40,500.03		£1,145.87	Grade 10
84	£22.24	£800.64	£41,777.40		£1,277.37	
86	£22.89	£824.04	£42,998.41		£1,221.01	
88	£23.61	£849.96	£44,350.91		£1,352.51	
90	£24.30	£874.80	£45,647.06	£1,296.15	Grade 11	
92	£25.04	£901.44	£47,037.14	£1,390.08		

Spinal Column Point	Hourly Rate	£ Weekly Amount	£ Annual Salary	Grade			
94	£25.82	£929.52	£48,502.35	£1,465.21			
96	£26.57	£956.52	£49,911.21	£1,408.86			
98	£27.36	£984.96	£51,395.21			£1,484.00	Grade 12
100	£28.18	£1,014.48	£52,935.57			£1,540.35	
102	£29.04	£1,045.44	£54,551.06			£1,615.49	
104	£29.93	£1,077.48	£56,222.91			£1,671.85	
106	£30.84	£1,110.24	£57,932.32	£1,709.42	Grade 13		
108	£31.79	£1,144.44	£59,716.88	£1,784.56			
110	£32.72	£1,177.92	£61,463.87	£1,746.99			
112	£33.71	£1,213.56	£63,323.56	£1,859.70			
114	£34.74	£1,250.64	£65,258.40			£1,934.83	Grade 14
116	£35.79	£1,288.44	£67,230.80			£1,972.40	
118	£36.89	£1,328.04	£69,297.13			£2,066.33	
120	£37.99	£1,367.64	£71,363.46			£2,066.33	
122	£39.14	£1,409.04	£73,523.71			£2,160.25	

Local Government Workers Pay Scales proposed from 1 October 2016

Pay	Hourly Rate	£ Weekly Amount	£ Annual Salary	Grade			
23	£8.97	£322.92	£16,849.97		Grade 1		
24	£9.10	£327.60	£17,094.17	£244.20			
25	£9.24	£332.64	£17,357.16	£262.99			
26	£9.37	£337.32	£17,601.36	£244.20			
27	£9.51	£342.36	£17,864.34			£262.98	Grade 2
28	£9.65	£347.40	£18,127.33			£262.99	
29	£9.79	£352.44	£18,390.32			£262.99	
30	£9.96	£358.56	£18,709.66			£319.34	
31	£10.10	£363.60	£18,972.65	£262.99	Grade 3		
32	£10.22	£367.92	£19,198.07	£225.42			
33	£10.40	£374.40	£19,536.19	£338.13			
34	£10.55	£379.80	£19,817.96	£281.77			
35	£10.73	£386.28	£20,156.09			£338.13	Grade 4
36	£10.88	£391.68	£20,437.86			£281.77	
37	£11.05	£397.80	£20,757.20			£319.34	
38	£11.22	£403.92	£21,076.55			£319.34	
40	£11.54	£415.44	£21,677.66	£601.11	Grade 5		
42	£11.87	£427.32	£22,297.56	£619.90			
44	£12.25	£441.00	£23,011.38	£713.82			
46	£12.61	£453.96	£23,687.63	£676.25			
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94	£25.82	£929.52	£48,502.35	£1,465.21			

Pay	Hourly Rate	£ Weekly Amount	£ Annual Salary	Grade		
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118	£36.89	£1,328.04	£69,297.13		£2,066.33	
120	£37.99	£1,367.64	£71,363.46		£2,066.33	
122	£39.14	£1,409.04	£73,523.71		£2,160.25	

Assimilation proposals

Grade	April 16 Spinal Point	Additional Spinal Points	Salary Increase	Percentage	Proposed October 16 Spinal Point
1	18	+5	£1,202.23	7.7%(a)	23
2	19	+8	£2,003.21	12.6%	27
	20	+7	£1,775.53	11.0%	
	21	+6	£1,547.86	9.5%	
3	22	+9	£2,390.56	14.4%	31
	24	+7	£1,878.29	11.0%	
	26	+5	£1,366.03	7.8%	
	28	+3	£853.77	4.7%	
4	30	+5	£1,449.06	7.8%	35
	32	+3	£955.77	5.0%	
	34	+1	£338.13	1.7%	
	36	+1	£323.66	1.6%	37

Pay and Grading Proposals

- Five of the existing nine public holidays, apart from Christmas (Two days) and New Year (Two days), become part of employee annual leave entitlement.
- Annual Leave entitlement enhanced by one additional day giving following entitlements:-

Service	Existing	Including 5 Public Holidays (a)	Proposed (b)
1	24	29	30
2	25	30	31
3	26	31	32
4	27	32	33
5	28	33	34
6	29	34	35
7	30	35	36
8+	31	36	37

(a) The changes to annual leave to include the 5 days public apply to Chief Officials. The proposal (b) incorporating one additional day does not.

- Saturday and Sunday working are paid at plain time (except 10pm – 6am).
- Night working (10pm – 6am) is paid at time and a fifth as is currently applied.
- As a means to support the shift to a “no overtime culture” across the organisation the following changes are proposed:-
 - No overtime premium will be paid until 40 hours have been worked i.e. for the 41st hour onwards.
 - The overtime premium to be applied for the 41st hour onwards is time and a quarter.
 - Those employees with contractual overtime continue to work current hours paid at single time.
- Standby type arrangements:-
 - A standby allowance will be paid at £20 per 24 hour period or £140 per week.
 - Minimum payment of two hours for first call out of the standby period.
 - All callouts paid at time and a half, where worked in addition to a 36 hour contractual week.
- Protocol to be implemented to facilitate part time employees working regular additional hours (up to a maximum of 36) to be made contractual where possible.

- Overtime and Standby arrangements only apply to employees up to and inclusive of Grade 8.
- Mitigation of contractual losses:-
 - For those employees whose total contractual earnings would otherwise reduce the assimilation which will be applied will be to a higher SCP in the new grade as a first step to reduce any reduction and or need for pay protection.
 - If after the assimilation to a higher SCP the employees total contractual earning would otherwise still reduce by more than £50 per annum, as a consequence of the package of changes, the employee will be able to choose between one of the following two pay protection options:-
 - A lump sum payment (in the first salary payment after implementation) equating to a sum equivalent to 30 months of the reduction in contractual earnings at the point of implementation, or.
 - Three years pay protection on cash conserved basis (default option). For employees who choose this option and who may still be in receipt of cash conservation at the end of the three year period, the Council will proactively engage with them during the three year period to identify opportunities aimed at avoiding any reduction in earning at the end of the cash conservation period. Employees who fall into this category would also be given priority for vacancies as they arise, albeit after Switch employees.

Analysis of Impact across Grades and Gender

Grade	Male				Female				Overall			
	Gain	Conserve	No Difference	Total Male	Gain	Conserve	No Difference	Total Female	Gain	Conserve	No Difference	Total
1	51	2	0	53	440	19	1	460	491	21	1	513
2	284	3	2	289	392	7	3	402	676	10	5	691
3	60	0	3	63	354	0	6	360	414	0	9	423
4	68	12	2	82	228	137	8	373	296	149	10	455
5	33	82	95	210	111	44	205	360	144	126	300	570
6	14	31	43	88	82	18	79	179	96	49	122	267
7	3	7	34	44	3	5	58	66	6	12	92	110
8	8	3	63	74	2	7	151	160	10	10	214	234
9	1	0	39	40	3	3	50	56	4	3	89	96
10	1	0	26	27	0	3	13	16	1	3	39	43
11	0	0	14	14	0	0	15	15	0	0	29	29
12	0	0	11	11	0	0	4	4	0	0	15	15
13	0	0	4	4	0	0	2	2	0	0	6	6
14	0	0	5	5	0	0	3	3	0	0	8	8
Total	523	140	341	1004	1615	243	598	2456	2138	383	939	3460

HR Policy Framework Proposals

The objective is to secure increased flexibility and productivity. Agreement of principles through the Collective Bargaining agreement with details policies developed and finalised through the Corporate Joint Working Group.

a) Maximising Attendance

- Implement “red book” requirements on withholding occupational sick pay (absence notifications and accident etc outwith work). Ensure explicit in the Policy.
- Introduce “stepping down” of all monitoring levels. The period of monitoring for stepping down will be three months (it is six months when progressing up through the stages).
- To re-enforce in the policy that any absence period will count towards meeting a trigger level.
- OHSAS/Physiotherapy/Employee Assistance Programme appointments - one occasion of non notification of attendance, then any future non-attendance is charged to employee.
- Enforce mandatory requirement to attend OHSAS appointments by exercising the provision of the Red Book.
- Monitoring to apply over a ‘working’ six month period, sessional employees are treated as being at work through school breaks.
- Six month monitoring period on return from long term absence.
- Adopt a maximum monitoring period. “in the event that an employee has been the subject of ongoing monitoring under the policy for a continuous period of 18 months or more, an Attendance Review Meeting shall be arranged which may recommend that the employee be invited to Hearing where a possible outcome is that the employee be dismissed on grounds of capability”.
- Maintain existing trigger of three occurrences in six months (though any absence will count).
- Policy amended to state that sickness absence monitoring period would be paused for periods when employees are absent from work for other reasons than illness, including employees on maternity leave or absent due to pregnancy related illnesses. Policy will also explicitly state that in terms of reaching any triggers in the policy maternity leave and pregnancy related absences are discounted.

b) Discipline

- Offer OHSAS referral at allegation stage with referral mandatory if hearing recommended.

- To remove the reference to twenty working days and replace with “investigations will be complete within a ‘reasonable’ timescale”.
- Letter to employee advising they are subject to investigation to be issued within five working days of employee being told verbally of the allegations.
- Within ten working days of employee being advised verbally, Investigating Officer will make contact with employee to arrange a date for meeting.
- If in exceptional circumstances either of these timescales cannot be met the employee must be advised at the earliest opportunity.
- To extend notice of hearing to seven working days. If a hearing requires to be re-scheduled, a further seven working days notice is not required (only the balance). In exceptional circumstances the notice of hearing may be extended by mutual agreement between the Council and the employee’s representative.
- To ensure mandate is signed by employee if they are to be represented throughout the early stages of process so allowing correspondence to be cc’d to TU representative.
- The policy to be amended to state that warnings and other formal disciplinary action short of dismissal shall normally be disregarded for disciplinary purposes after a designated period of satisfactory employment”. In additional it will state that the Council reserves the right to extend a warning in appropriate circumstances.
- Holidays/time where employees are contractually at work will count towards the period of a sanction (e.g. a sessional employee who is not at work for six weeks in the summer will not be able to use those six weeks towards say the 26 weeks for a first level warning). Unpaid time off such as a career break or a period of extended leave of absence will not count towards the sanction period.
- Agreement to recommend to Council that Standing Orders (Scheme of Administration) be amended to allow for the appointment an independent chair for the appeals panel.
- To introduce a “fixed penalty option”. Though employee could reserve the right to request that the allegation be heard at a full disciplinary hearing.
- To adopt for a trial period of one year that there be a review of a fixed penalty which would take place at the half way point of the warning (e.g. at 3 months for a first level warning) in recognition of the fact the employee owned up at the start of the process. If an improvement was noted then the sanction would be suspended for the remaining three months – if employee re-offends at any point in the warning period (in this case say at 5 months) then a further three months will be added at that point taking the sanction in this example up to 8 months).
- If employee keeps a ‘clean record’ during both the three months and the suspended three months (as per above example) then they will be eligible to receive their MPM increment if relevant.

- Reiterate in policies that if non engagement hearing will proceed in employees absence.

c) Grievance/Harassment

- To replace both with a Resolution Policy:
- Outline of process on which Resolution Policy will be based:
 - Complaint received
 - Mediation (strongly encouraged in all but exceptional circumstances)
 - If issue remains unresolved then would move to a fact finding or full investigation
 - Outcome would either result in a hearing, no further action or counselling
 - Right of appeal to Head of Service or their nominee
- Focus on early resolution and, in most cases, require resolution before a more formal process is instigated.

d) Policy for Organisational Change

- Include a new step in the policy for circumstances where a post has not materially changed (i.e. still represents greater than 75% of existing role and is at same grade) but where there are fewer posts than there are existing employees. In such the available posts will be considered suitable alternative employment and so employee must take part in the ring fenced recruitment process.
- Policy to be reworded to close the opportunity for employees who are displaced to choose to opt out of any recruitment process and so “opt into” Switch. Displaced employees will be required to indicate if they considered that posts available in the new structure are not considered suitable alternative employment. Where they do so a follow up discussion will be take place.
- To increase the opportunities to secure suitable alternative employment for employees at risk of displacement and to aid transition the Policy for Organisational Change will be adapted to include an option to offer an employee a post in the new structure subject to a successful 12 week trial period (trial period is subject to meeting any essential requirements for the post and also participating in interview process).
- Following application of steps 1-3 of policy, any remaining posts will be made available to permanent displaced employees first, then switch employees, those employees on cash conservation and then any permanent employees in the scope of the team review, then IJM (at which time fixed term employees in the team under review can apply).
- Appeals to be subject to check for competence by OD&HR team.
- Refinement of pay protection arrangements. Maximum of two year cash conserved protection of pay and contractual allowances where an employee opts for a lower graded post as part of any service review (subject to the two grade restriction).

- There is joint recognition that Switch, as part of the Mi-Future programme, is, and continues to be, an appropriate and effective approach to supporting staff who find themselves displaced. It is also acknowledged that Switch is a core element of the Council's overall approach to workforce planning, providing an effective means to match permanent staff that have become displaced to current and emerging employment opportunities.
- The changes proposed as part of this agreement in respect of Flexibility and Job Families together with the new Job Grading Policy complement the changes to Switch which are set out below by placing a greater emphasis on employees transferrable skills as means to facilitate career development and re-skilling.
- In order to strengthen Switch for the benefit of all employees and to reflect the learning from its inception in 2013 the following changes are proposed:-
 - Where an employee is displaced as a result of a service review and does not secure a post in the new structure the Council will engage with the employee to identify if there are any posts available elsewhere within the Council which would represent suitable alternative employment.
 - Where there are then, using an agreed transfer policy (policy to be developed and agreed through Corporate Joint Working Group), the employee would be transferred to the alternative post.
 - Where there are none then the employee would enter Switch.
 - On entry into Switch the OD&HR Team, principally the Mi-Future Coach, will engage with the employee to undertake an assessment of the opportunities for the employee to secure alternative employment within the Council. (If the employee is dissatisfied with the assessment the matter would be considered through the existing Quality and Assurance arrangements).
 - If this assessment determines that there are limited opportunities at that time and in the future prospects then employee would be offered enhanced VSER.
 - Otherwise employee would be offered a Switch contract which will provide them with a range of support interventions aimed at assisting them in securing alternative employment within a defined period. In return the contract will stipulate that if at the end of the defined period the employee has not secured alternative employment, or there is no imminent prospect of doing so then the employee would again be offered enhanced VSER.
 - Switch employees will continue to be required to undertake work placements during their period in Switch.
 - Where Switch employees secure Fixed Term positions rather than a permanent role (a fixed term position for this purpose would be a fully funded assignment of no less than three months) the defined period will be paused but would begin again if the employee returns to Switch.
 - Whilst in Switch the employee will retain the grade and contractual terms associated with the post they were displaced from.
 - The maximum period of salary protection through cash conservation for any employee will be two years. Fixed Term assignments which are at a

lower grade or lesser contractual conditions to those of the employee's old post would be deemed to be on a cash conserved basis and so count towards the two year maximum.

- The Switch Quality Assurance process will be retained but in parallel a defined process will be adopted for management of Switch employees to ensure measures in place for non engagement.

e) Code of Conduct

- To undertake a complete refocus to a positive document that is supported by an employee charter.

f) Time off Provisions

- Agreed that an 87 page policy is counterproductive.
- Split into two separate policies
 - Statutory leave provisions (Maternity, paternity, adoption etc)
 - Discretionary leave provisions (Any type of non contractual leave that does not fall into the statutory leave policy)
- The policy for discretionary leave will encourage managers and staff to think and work more flexibly. Managers will, subject to the requirements of the service, be encouraged to grant discretionary time off requests and facilitate opportunities for employees to work flexibly to make up the time lost. It is recognised however that there will be occasions where it is appropriate to grant discretionary paid leave of absence up to a maximum of three days in a rolling twelve month period. This will be at the discretion of the Service Manager and will be subject to review to ensure consistency of application. The option will also still be available for an employee to request unpaid time off work and these requests should be viewed favourably by management taking into account the exigencies of the service.
- Consistency within team would be important in terms of application of policy but recognised that consistency across Services would be more difficult due to range of different roles/service demands.
- To consider whether the current flexi system is 'fit' for this proposal and develop a 'flexi-lite' option.
- There would be a list of considerations managers would need to apply to determine decision under non discretionary leave policy:
 - Cost
 - Continuity of service delivery
 - Consistency within own service
 - Can time be worked back flexibly

g) Flexibility and Job Families including Job Grading Policy

- Midlothian Council has adopted a job family approach which is designed to provide a foundation for modernising services, to delivering 24/7 services and to develop a customer first approach. This consists of 65 job profiles rather than the 700+ individual jobs previously defined and evaluated. It presented an opportunity for the Council to establish in broad terms the role requirements to deliver services.
- Job profiles are generally broader than any individual job role and allow for flexibility in the tasks required from a jobholder to deliver the role. This approach offers job enrichment and the broader profile facilitates the development of employees as transferrable competencies are identified horizontally and vertically across job families. Ultimately their maintenance i.e. Job grading should predominantly consists of selecting the most appropriate profile for a new post.
- The introduction of the 3rd Edition of the COSLA Job Evaluation Scheme, offers Midlothian Council the opportunity to apply these principles by:
 - Rationalising job titles to ensure consistency across responsibilities and grade levels.
 - Creating a limited number of template Job Detail Forms which are outcome, rather than task focused; promoting the flexibility in tasks required to deliver outcomes in a fast paced modern work environment that is responsive to customer demands.
 - Applying these Job Detail Form templates to facilitate recruitment.
 - Create a set of criteria to minimise the creation of “unique” job detail forms.
 - Ensure that transferrable skills are evident in the templates both vertically and horizontally across the Job Family framework, facilitating career development and re-skilling.
 - Introducing robust audit procedures to ensure the appropriate selection of profile template to job role.

h) Policy on the use of Agency Workers

- Policy Statement to be amended to reinforce that use of agency workers should only be for short periods and that Switch candidates must be considered before employing agency workers by inclusion of following statements.
 - Infrequently, it will be necessary to engage an agency worker to provide additional resources to meet an immediate service resource requirement and or to allow for additional resources and flexibility for a fixed short-term basis, however other than for immediate service resource requirements agency workers must only be considered once the Council’s Switch Programme has been exhausted.

- In order to ensure employees in the Switch programme receive access to all vacancies/opportunities to undertake work, the Switch Co-ordinator must be approached before an agency worker is engaged (it is recognised that immediate resource requirements may mean that this is not feasible in all situations).
- Policy will also set out the approval process for engaging Agency Workers, mirroring that for vacancies (again recognising that immediate resource requirements may mean that this is not feasible in all situations).
- Policy will introduce a requirement for Head of Service approval in situations where a Service Manager is seeking to retain an Agency beyond what would be deemed a short term engagement.

i) Making Performance Matter

- Utilise the review to strengthen the importance of MPM for all Local Government Workers
- Progress through new grades (headroom) remains via MPM
- Reinforce that demonstrating required behaviours is key element of framework.
- Include a requirement to review and reset objectives at implementation and use these for April 2017 assessment.

Non Financial Benefits

- An initial package to be implemented based on demands identified in the survey.
- Through the Crown Commercial Services framework Edenred are being engaged to provide access to package of benefits.
- Agreement to continued discussions to expand range of non financial benefit on offer.
- Place appropriate emphasis on the Non Financial benefits strand of the review, including
 - Joint recognition that this brings benefits to all Local Government Workers
 - To demonstrate benefits available to Trade Union colleagues as soon as possible
 - To develop and share “typical employee” examples
 - To include highlights in communications and at any engagement events

Existing Benefits Maintained

1. Up to a maximum of 6 months full pay and 6 months half pay for sickness absence
2. Combined Annual Leave and Public Holiday entitlement
3. Paid/Unpaid Special leave
4. Physiotherapy referral service and Employee Assistance Services
5. Flexible working
6. Defined Benefit pension scheme
7. Benefits:
 - (i) Childcare voucher scheme
 - (ii) Cycle to work scheme
 - (iii) Payroll giving scheme

Additional Benefits Being Procured

Employee Discount Scheme/ Reward Voucher Scheme

- (1) High Street Discounts (e.g. from supermarkets and other national retailers)
- (2) Health Screening (e.g. blood pressure, cholesterol, to checking diabetes or cancer screening)
- (3) Travel Discounts (Savings on holidays, airport parking etc.)
- (4) Leisure Discounts (e.g. family days out, restaurants, spa days, experience days)
- (5) Cinema Discounts (from popular cinema chains)
- (6) Healthcare Cash plans (e.g. help towards optician and dental bills)
- (7) Cashback Deals (from major retailers)
- (8) Learning Assistance – Non work related (e.g. to pursue further education)
- (9) Improved discounts on other Council sponsored activities (e.g. Leisure Centres and Snowsports Centre). Proposals set out below.

Tonezone membership for Midlothian employees

	Product	Normal cost for Activity	Suggested cost	Saving to individual
Concession Swim	Concession swimming at all Midlothian Sport and Leisure pools from opening to 4.30 pm Monday to Friday. Staff would require to provide proof of employment.	£3.90	£2.10	£1.80
Fit in 8	This promotion is a one off payment for an eight week period each year from the 1 st of June for a Platinum membership that gives access to gym, classes, pool and health suites with no joining fee.	£72.05	£30.00	£42.05
12 months membership for price of 9 months	Payslip promotion on a one off annual payment or by pre arranged staged transfer of monies from staff payslip	Platinum individual £554.95	£319.05	£235.90
		Gold individual £480.55	£263.70	£216.85
		Silver individual £379.75	£212.40	£167.35
		Bronze individual £344.95	£192.60	£152.35
£5.00 Join fee for Tonezone membership	£5.00 join fee for all staff other that the promotions highlighted above Fit in 8 and 12 for 9 promotion.	£28.15	£5.00	£23.15
Practice Skiing / Snowboarding	10% discount	£12.00	£10.80	£1.20

**COLLECTIVE AGREEMENT
INCORPORATING PAY
AND GRADING STRUCTURE and TERMS AND CONDITIONS OF
EMPLOYMENT**

BETWEEN

MIDLOTHIAN COUNCIL

and

UNISON

and

UNITE

and

UCATT

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1.0 PARTIES TO THE AGREEMENT

1.1 This Agreement is made between MIDLOTHIAN COUNCIL, hereinafter referred to as the 'Council '

and

1.2 UNISON, UNITE and UCATT, hereinafter referred to as the 'Unions.'

2.0 COLLECTIVE BARGAINING FRAMEWORK

2.1 The contracts of employment of employees covered by this Agreement contain a provision that their terms and conditions of employment will be in accordance with the collective agreements negotiated from time to time by the Scottish Joint Council for Local Government Employees (SJC) which can be varied only by collective agreements reached with Trade Unions recognised by the Council.

2.2 This Council and the Unions have entered into a Recognition and Procedural Agreement, a copy of which is contained in Appendix 1 to the Schedule to this Agreement, which is annexed and signed as relative to this Agreement.

2.3 The Council and the Unions agree to changes to the Pay and Grading Structure and Terms and Conditions of Employment by way of a Collective Agreement.

2.4 The Council and the Unions acknowledge that this Collective Agreement will have the effect of varying the individual contracts of employment of all employees covered by this Agreement.

3.0 AIMS AND OBJECTIVES

3.1 The Council and the Unions agree that the review of Local Government workers pay and grading arrangements requires to be done as part of a wider, holistic approach which needs to:

- (a) address culture issues, including behaviour standards and conduct and work within the spirit of the People Strategy, reflecting the employee proposition - 'The give and the get';
- (b) redefine the minimum pay point for the Council to address "low pay" and making the Council competitive in attracting employees;

- (c) be limited to the lowest pay grades impacted by the creation of the new minimum pay point to ensure the revised structure remains legislatively compliant;
- (d) promote and re-enforce reward for more flexible working within job profile principles;
- (e) be financially affordable;
- (f) define a sustainable strategy to maintain differentials regardless of the future of externally determined “living wage” rates;
- (g) secure commitment from the Trade Unions for collaborative working to facilitate 24/7 services, including a review of public holiday arrangements;
- (h) offer more opportunities for lifelong learning leading to progression through grades as part of trainee and apprenticeship opportunities;
- (i) deliver a diverse range of additional employee benefits;
- (j) maintain employee relations;
- (k) strengthen absence management procedures including earlier intervention triggers; and
- (k) the Council and the Unions to work together in the spirit of change as part of Delivering Excellence where budget reductions and service reviews will be ongoing for the foreseeable future.

4.0 INTENT OF THE COUNCIL AND THE UNIONS

In implementing the terms of this Agreement the Council and the Unions shall:

- 4.1** deal with each other in good faith;
- 4.2** be active and constructive in establishing and maintaining a productive employment relationship;
- 4.3** be responsive and communicative with each other;
- 4.4** attempt to reach a timely and practicable manner of any issues that may arise between them in connection with this agreement and;
- 4.5** deal with employees bound by this Agreement in good faith.

5.0 COVERAGE

5.1 This Agreement applies to all local government employees, including Chief Officials in so far as they have shared terms, conditions and conditions, but excludes teachers.

6.0 PAY AND GRADING STRUCTURE

6.1 The Council and the Unions agree (notwithstanding the date or dates of this Collective Agreement) to the following, namely:-

6.1.1 The Pay and Grading Structure contained in Appendix 2 to the Schedule shall come into effect on 1 October 2016. All employees shall receive an individual letter detailing their new grade and salary placing. The Council will make appropriate arrangements for the new salaries to be paid in the first payments after the date of implementation.

6.1.2 The new Pay and Grading Structure includes assimilation and salary protection arrangements, [the details of which are contained in Appendix 2]. Employees will be issued with a summary of the changes at the same time as they are notified of their new grade and pay.

7.0 TERMS AND CONDITIONS OF EMPLOYMENT

7.1 The Council and the Unions agree to the changes to the terms and conditions of employment as detailed in Appendix 3 to the Schedule and that these changes shall come into effect on 1 October 2016.

8.0 HR POLICY FRAMEWORK

8.1 In order to secure greater flexibility and productivity, the Council and the Unions agree to make changes to the HR Policy Framework based on the principles detailed in Appendix 4 to the Schedule and to work together to implement detailed changes based on these principles through the Corporate Joint Working Group.

9.0 NON FINANCIAL BENEFITS

9.1 The Council and the Unions agree to work together to introduce a package of non financial benefits which will be available to employees.

10.0 ENHANCEMENT OF LIFELONG LEARNING

10.1 The Council and the Unions agree to work together to provide a range of enhanced lifelong learning opportunities which will be available to employees.

11.0 FUTURE SERVICE REVIEWS

11.1 The Council and the Unions agree to adopt the aims and objectives in Section 3.1 of this Agreement as the basis for approaching future service reviews which the Council requires to undertake.

12.0 ANNUAL REVIEW

12.1 The Council and the Unions jointly commit to continuous annual reviews of the Local Government Workers pay and grading arrangements and the associated HR Policy Framework. Supporting the joint commitment to secure an increase in productivity, a positive shift in workplace cultural and behaviours with a consequential reduction in formal case work, higher levels of attendance, enhanced productivity and reduced reliance on additional overtime hours.

13.0 DISPUTE RESOLUTION

13.1. The Council and the Unions agree that the Recognition and Procedural Agreement shall provide a process for the orderly determination of any dispute arising in relation to the implementation of this Agreement.

SIGNATURES

DATED this Day of 2016

For and on Behalf of the Council

.....

Kenneth Lawrie, Chief Executive

For and on Behalf of UNISON

.....

[Specify name and title of signing person)

For and on Behalf of UNITE

.....

[Specify name and title of signing person)

For and on Behalf of UCATT

.....

[Specify name and title of signing person)