

Item No.	Classification: Open	Date: 4 November 2020	Meeting Name: Strategic Director of Environment & Leisure
Report title:		Revised pay, terms and conditions of service for trade, craft and associated employees	
Ward(s) or groups affected:		All	
From:		Head of Traded Services	

RECOMMENDATION(S)

1. It is recommended that the Strategic Director Environment and Leisure in consultation with the Strategic Director Housing and Modernisation:
 - a) Notes the changes to the pay and conditions of service for trade and craft workers within Building Services, Pest Control Services and Asset Management Services which has been agreed 'in principle' through collective bargaining with the recognised Trade Unions, Unite, Unison and GMB.
 - b) Approves the revised career pay scheme and agrees to a formal offer being communicated to the Trade Unions which varies the terms and conditions of trade and craft workers within the above-mentioned services through the implementation of a career grade structure (appendix 1 of the closed report) which has been designed to work with and alongside the 'Red' Book Craft Workers terms and conditions of service.
 - c) Notes the outcome of the job evaluation of the Pest Control Technician job description
 - d) Notes the timetable of events to be actioned to achieve implementation of the new pay scheme.

BACKGROUND INFORMATION

2. The revised pay scheme affects all trade and craft workers in the following three service areas:

Building Services

Building Services provides a 24 hours, seven day a week repairs and maintenance service to the residents of Southwark Council housing stock. There are a number of operative staff whom are on a productivity based pay scheme linked to the standard minute values allowed in the schedule of rates and there are also a number of operative staff whom have been subject to TUPE and retain terms and conditions from previous employers.

Asset Management Services

Asset Management Services is a business unit which offers specialised in-house capabilities for the design, installation and maintenance of public realm, residential and commercial infrastructure. The existing operative staff is all on a productivity based pay scheme linked to the standard minute values allowed in the schedule of rates. There is a fall back for staff who fails to achieve the minimum earning guarantee.

Pest Control Services

Responsible for the provision of pest control for Southwark has been provided by Pest Control Service. The existing operative staff are all on a salary scheme.

Red book/Green book

3. The “Red” and “Green” books refer to two disparate sets of national agreements on pay and conditions of service for local government employees. The agreements include the full, current details of the National Joint Council (NJC) for local government services (Green Book) and the Joint Negotiating Committee (JNC) for Local Authority Craft and Associated Employees (Red Book).

The Green Book, previously known as the ‘Single Status Agreement’, covers the pay and conditions for 1.4 million local authority employees nationwide and applies to the majority of Southwark Council Employees.

The Red Book Agreement provides the framework for regulating the pay, terms and conditions of craft and associated local government workers. This national agreement applies to the unique working environment of craft workers and is a different negotiating structure from the Green Book.

Over time, the introduction of various local agreements mean that the majority of Southwark’s trade and craft workers are covered by a local variant of the Red Book agreement while a significant minority have terms and conditions underpinned by the Green Book.

Collective bargaining

4. The Strategic Director of Environment and Leisure approved on 17 September 2019 an approach to a proposed revised pay scheme and delegated authority to the Head of Traded Services and the Strategic Lead, HR Policy and Projects to commence collective bargaining with the council’s recognised Trade Unions (Unite, Unison and GMB) with a view to negotiating a collective agreement on a revised pay scheme.

Collective bargaining with the Trade Unions commenced on the 15 October 2019 in relation to revising the terms and conditions of service relating to pay, working hours and holiday of the trade and craft operatives working in the above-mentioned service areas

Following a pause in negotiations due to disruption caused by the COVID-19 pandemic, an ‘in principle’ agreement was reached through collective bargaining on 31 July 2020 with the recognised Trade Unions. This ‘in principle’ agreement is presented to the Strategic Director Environment, Leisure and Public Health for approval.

Needs of Residents

5. Consideration has been given throughout the process from developing the career grade structure and during the negotiation process in terms of how the new terms and conditions would improve the service delivered to residents; for example delivering the repairs right first time.

KEY ISSUES FOR CONSIDERATION

Repairs Service Improvement Plan

6. In April 2020 cabinet approved the repairs service improvement plan. A responsive repairs service is a key service for the Council, affecting all council tenants, supporting the Council's commitment to providing quality housing and vital to delivering on our Fairer Future promises. Good service needs to be consistent as it can directly affect the quality of our residents' lives and the key performance indicators for the in-house repairs service needs to put our residents at the heart of its service. Many residents receive a good repairs service which staff work hard to deliver, often going above and beyond expectation to do a good job. However, there is significant room for improvement to ensure that all residents are getting the service they deserve.

The revision of pay and conditions of service of the trade and craft operatives was a key deliverable of this plan. This change was required to align the working practices to the new service level agreement for building repairs, promote fairness across the staffing cohort and using this as a catalyst to change the working culture. This will then lead to greater staff retention and also the ability to attract quality staff which should then lead to improvement in quality of the overall services delivered.

7. In February 2020, the Southwark Housing Scrutiny Commission noted in their report, that currently some SBS pay incentives are promoting perverse outcomes in some cases, which are not focussed on completing repairs quickly, to a high standard at a reasonable cost. Their recommendation was to ensure changes should be made to staff pay incentives in the repairs service, via negotiation with recognised trade unions, which ensure speedy, high quality repairs and remove perverse incentive schemes.

Southwark's workforce strategy (refreshed in July 2019) as part of the council's modernisation programme focusing on the fundamental building blocks for transforming and modernising the council. There are nine key employment related areas to support delivery of the council's fairer future promises. Although all nine areas are relevant, this specific project was established to focus on pay, reward, and equality, ensuring the council's promise to its workforce is delivered.

"Our most valued resource is our staff and we will therefore ensure that the rewards of working for Southwark are attractive, modern, and relevant to the aspirations of our workforce. They will be fair to both our employees and residents. Staff will understand the package of pay and benefits that applies to their work and we will regularly review our offer to ensure fairness and value for money."

Designing a new set of terms and conditions of service that eradicates the need for a bonus scheme for trade and craft operatives was a key priority in the Council's Equality Plan.

In addition to this, the principal drivers for change have been the need to:

- Consolidate the multiple set of terms and conditions in operation into one common pay structure across the different trades.
- Have a pay and reward scheme that is simple and low-cost to administer.

- Ensure that there is parity in rewarding effort and skills.
- Have a pay and reward scheme that attracts and retains a talented workforce.
- Incentivise continuing professional development recognising that the acquisition of skills by an individual adds value to the council.
- Reflect an emphasis career progression, providing a clear development pathway which an employee can reasonably be expected to progress along.
- Support staff to deliver the best possible service to residents by getting the job done right first time

Equal pay

8. The principle of equal pay for work of equal value means that pay should be in direct proportion to the relative “size” of the job within Southwark Council. As an employer the council must demonstrate this across the whole organisation including all professions and job families. The size of a job can be measured in terms of knowledge required, the scope of problem solving and the level of accountability within the role. This determines the relative value of one role compared to another.
9. The council’s annual workforce report for 2018/19 reported mean bonus gender pay gap of 90% in favour of men, primarily driven by the productivity scheme.
10. There is a complete disparity between earnings of staff undertaking the same trade due to the existing productivity bonus schemes.
11. In order to mitigate against the risk of an equal pay claim, it is paramount that the council has a robust and proportionate salary scheme which clearly justifies any higher earnings of longer serving staff.

Culture change

12. Changing the culture of how staff are rewarded for the work they do and the service they provide to residents is key to improving service delivery. A key priority for the Council is to ensure that residents get the most efficient and effective service.
13. The aim is to instil a culture within the service that consistently acknowledges the need to achieve value for money and one that places residents at the heart of decision making process and ensuring the outcomes of those decisions improves the service delivered to residents. The Council’s fairer future principles will also be at the heart of the service delivery.
14. To achieve the culture change a programme of learning and development will be designed and implemented during the implementation phase of this project.
15. Further learning and development will be provided to support managers and staff to understand the new terms and conditions of service This will need to be designed and based on standards that are required by the service managers for the three business areas, Asset Management, SBS and Pest Control.

Financial

16. The cash incentive to deliver high quality works within a given time frame rewards a very specific set of behaviours. The Building

Services productivity scheme in particular incentivises workers to prioritise certain types of work over others due to their high relative worth within a locally set schedule of rates.

Time

17. There are nine different sets of pay related terms and conditions within Traded Services which is problematic in terms equitable reward for effort, skills and output.

Career progression

18. The current scheme does not provide career progression for the trade and craft operatives. Nor does it provide any incentive to improve and develop skills or to train and develop apprentices within the pay and reward structure It does not provide or reward for staff who have acquired exceptional skills and knowledge over the years for this to be recognised and shared with staff to improve and develop practice as recognised roles within the workforce structure.

Performance management

19. A performance management approach is being developed to ensure that expectations for staff are clear, achievable and measurable.

Interdependency with SBS improvement programme and restructure

20. It has always been the intention to implement a reorganisation of the repairs service staffing structure post implementation of the revised terms and conditions of pay with a view to aligning the back office and overhead functions to the new career grade structure. The new T&Cs provide a foundation for the restructure to build on and the scope would also include a redesign of job descriptions, review of rotas within the agreed working hours and use of overtime.

The Proposal

21. In order to develop proposals, officers undertook extensive benchmarking and gathered case studies across the sector, including interviews and site visits with other authorities and repairs providers.

Career Grade Pay Scheme

22. The revised pay scheme moves away from locally agreed productivity schemes and numerous sets of terms and conditions to a pay structure which offers a framework for staff wage progression, financially incentivising and developing high performance and behaviours in keeping with Southwark's values.

Scope of revised pay and conditions of service

23. The new terms and conditions of service relate to pay, working hours and holiday only for trade and craft operatives working in Building Services, Asset Management Services and Pest Control Services. The proposed changes provide a pay and grading system reflective of the industry norms, whilst addressing the inequalities previously outlined in this report including the provision of staff development, performance management and the opportunity for career and pay progression.

Equity

24. The proposed changes have created parity within the group of staff in scope for these changes by harmonising a variety of terms and conditions inherited from multiple TUPE transfers and have sought to gain further alignment with standard Terms and conditions of service across the Council.

Policy implications

25. The Equality Analysis (EA) can be found on appendix 3 of the closed report.
26. The Equality Act 2010 sets out 9 protected characteristics that protects the rights of individuals and advances equality of opportunity for all. Furthermore, there is the Public Sector Equality Duty which means that Southwark Council has a duty to remove or minimise disadvantages suffered by people due to their protected characteristics; to take steps to meet the needs of people from protected groups where these are different from the needs of other people; and to encourage people from protected groups to participate in public life or in other activities where their participation is disproportionately low.
27. Section 19 of the Equality Act 2010 defines indirect discrimination as being where a provision, criterion or practice that is discriminatory in relation to a relevant protected characteristic of an individual. A provision, criterion or practice is discriminatory in relation if it puts, or would put, an individual at a particular disadvantage when compared with others who do not share the protected characteristic in way that cannot be justified as proportionate means of achieving a legitimate aim.
28. In this regard, an Equalities Analysis has been undertaken comparing the baseline equalities data of the staff group, against how staff will be impacted by the proposed changes.

Community impact statement

29. Paragraphs 5, 6 and 7 of this report detail the impact that the revised terms and conditions will have on residents

Resource implications

30. The human resource implications are contained in the closed report.

Legal implications

31. The legal implications are contained in the closed report.

Financial implications

32. The financial implications are contained within the closed report.

Consultation

33. The following timetable will be implemented:

Action	Date
Agreement in principle reached	31 July 2020
Formal written proposal sent to the TU's week beginning	09 November 2020
Communication and One to one meetings with staff	November 2020
Trade Unions put the offer for ballot by their membership	December 2020*
Decision received from TU ballot	January 2021
Implementation of new pay scheme**	April 2021

*Anticipated timeframe which can only be confirmed by the Trade Unions and maybe subject to change by them.

** If a formal agreement is reached following the TU ballot

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Law and Democracy

34. The legal concurrent is contained in the closed report.

Strategic Director of Finance and Governance (EL20/036)

35. The financial concurrent is contained in the closed report.

Strategic Director of Housing and Modernisation

36. I want Southwark council tenants to be able to say they get a good repairs service at a fair price. This is fundamental to having a home tenants can say they are proud of, is well maintained, is safe (in every way), is warm and is dry.

Challenges lie ahead of us in respect of both quality and cost and Southwark will not achieve the vision set out above without substantial service improvement (in all areas and which will be covered in a business improvement plan) including how we deal with calls, systems we use, and focus on growing the service when we achieve the level of excellence we are aiming for.

This report rightly identifies the need to have the fairer future values and principles at the heart of our improvement plan. Everybody working in the repairs service will need to demonstrate their commitment on a daily basis, particularly in treatment of residents and value for money

To make this happen, operatives will need to:

- embrace digital tools, including PDAs and location assistance (this helps with safety assurance for lone workers, aids efficiency if parts or tools need to be sent to site, and is invaluable in case of an emergency the nearest appropriate operative can be sent to the location, saving valuable and possibly critical time)
- record what they have done against industry standards schedules (This will help with consistency and gives tenants an assurance that work is benchmarked against an appropriate standard)
- work flexibly in the interests of service to residents and efficiency

- Put the resident at the heart of the service by trying to complete jobs first time, treating residents in their homes with respect

The report notes that the proposed changes will result in considerable additional cost to the HRA, on an ongoing and one-off basis. Further work will be necessary to fully calculate and manage the existing budget gap and to control costs in line with the vision for a fair price stated above.

The strategic director of housing and modernisation welcomes recognition of the need for operatives to augment their core trade skills with supplementary skills, which delivers on the multi-skilling recommendation from the council's scrutiny committee and is a key part of our commitment to 'getting it right first time'.

The strategic director of housing and modernisation notes that implementation of the new terms and conditions will need to go hand in hand with good management and new ways of working. Overtime arrangements will need to be closely and equitably managed and will individual performance so as to achieve fairness and consistency with employees working in all parts of the council.

The strategic director of housing and modernisation will bring forward a proposed implementation date following the outcome of the trade union consultation and formal agreement with the trade union and consultation with the service. This will be presented with an updated improvement plan to the Repairs Service Improvement strategic board.

PART A – TO BE COMPLETED FOR ALL DELEGATED DECISIONS

Under the powers delegated to me in accordance with the council's constitution, I authorise action in accordance with the recommendation(s) contained in the above report (and as otherwise recorded in Part B below).



Signature Date: 4th November 2020

Designation: Strategic Director of Environment & Leisure

PART B – TO BE COMPLETED BY THE DECISION TAKER FOR:

- 1) All key decisions taken by officers (including contract reports)
- 2) Any non-key decisions which are sufficiently important and/or sensitive that a reasonable member of the public would reasonably expect it to be publicly available.

1. DECISION(S)

2. REASONS FOR DECISION

2. REASONS FOR DECISION

3. ALTERNATIVE OPTIONS CONSIDERED AND REJECTED BY THE OFFICER WHEN MAKING THE DECISION

4. ANY CONFLICT OF INTEREST DECLARED BY ANY CABINET MEMBER WHO IS CONSULTED BY THE OFFICER WHICH RELATES TO THIS DECISION (IF APPLICABLE)*

*Contract standing order 4.5.1 states that for contracts with an Estimated Contract Value of over £100,000, the lead contract officer (LCO) must consult with the relevant cabinet member before a procurement strategy is implemented.

5. NOTE OF ANY DISPENSATION GRANTED BY THE MONITORING OFFICER, IN RESPECT OF ANY DECLARED CONFLICT OF INTEREST
<i>If a decision taker or cabinet member is unsure as to whether there is a conflict of interest they should contact the legal governance team for advice.</i>

6. DECLARATION ON CONFLICTS OF INTERESTS
I declare that I was informed of no conflicts of interests.*
or
I declare that I was informed of the conflicts of interests set out in Part B4.*
(* - Please delete as appropriate)

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
The Housing Repairs Service	Southwark Housing Scrutiny Commission	Gavin Edwards Chair of Southwark Housing Scrutiny Commission Gavin.Edwards@southwark.gov.uk
http://moderngov.southwark.gov.uk/documents/s88147/Appendix%201%20Housing%20Repairs%20Service%20Scrutiny%20Report%202020.pdf		

APPENDICES

No.	Title
	None

AUDIT TRAIL

Lead Officer	Mick Lucas, Director of Environment	
Report Author	John Wade, Head of Traded Services	
Version	Final	
Dated	4 November 2020	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments Included
Director of Law and Democracy	Yes	Yes
Strategic Director of Finance and Governance	Yes	Yes
Head of Human Resources	Yes	Yes
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Team / Community Council / Scrutiny Team	4 November 2020	