

**PAY PRINCIPLES FOR 2025/26**

**Meeting:** Employment Committee

**Date Of Meeting:** 19 November 2024

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Will the decision be open for call in (i.e. is it a key decision)?  Yes  No

Does the report contain confidential or exempt information?  Yes  No

**1.0 Purpose of Report**

1.1 To set out proposed revised principles for an inflationary staff pay award and the approach to pay progression from April 2025, subject to affordability.

**2.0 Recommendations**

2.1 The Committee/Council is requested to:

**RESOLVE THAT**

**The revised pay award and pay progression principles are noted and agreed.**

Reason for Decision

2.2 To rationalise the pay award and pay progression process.

**3.0 Proposal and Outcome**

3.1 The Council's financial position meant it was not able to make further provision in the budget for a pay award or pay progression for 2024/25, and therefore did not make a pay award for any employee paid above the Real Living Wage.

3.2 Following this announcement, the decision-making process leading to the annual pay award and individual pay progression have been under consideration. This has led to the development of the following pay principles.

3.3 Firstly, that the Council will align with the National Employers formal collective agreement pay award for local government service employees, known as the Green Book.

- 3.4 A comparison of the National Employers pay award to Woking can be found in Appendix 1.
- 3.5 Secondly, to review the Council's Performance Development Review process so that it recognises staff performance and better supports performance-based progression through pay scales.
- 3.6 In adopting these principles, the Council will keep pace with the nationally agreed awards for local government and employees will they see pay increase as they grow and develop in the job role. The Council operates in a competitive market to attract and retain a skilled workforce and it is therefore important the Council addresses these issues proactively.

### **4.0 Background**

- 4.1 In broad terms the Council's policy is to pay appropriately to attract and keep skilled and competent employees to work for the organisation. Our aim is to be competitive as compared to the level of pay locally and neighbouring local authorities.
- 4.2 The Council has developed many of its own local terms and conditions including pay. The pay grade framework (Appendix 2) and the performance management process apply to all employees. The grade allocated to a post is determined by the duties, level of responsibility/decision making, and behaviours as outlined in the job profile and person specification. The grade framework comprises of 12 grades and 4 trainee grades. In 2023 the Council introduced defined spot salaries within each grade and assimilated all employees onto this revised structure.
- 4.3 For some roles, grades within the framework are 'linked' to allow for greater career progression/development. In each case there is a linked grade descriptor which determine the requirements to move to the next grade. Movement to the higher grade is dependent upon a recommendation from the line manager supported by the Strategic Director and ratified by a pay panel.
- 4.4 The Council does not use a formal job evaluation (JE) scheme instead opting for a non-analytical/external benchmarking approach to assessing and ranking jobs. When the current pay scheme was introduced in 2013, the HR team assimilated all roles onto the new framework with input from senior management and UNISON. The current grading for the majority of roles has not changed from that initial exercise.
- 4.5 It is recognised that the absence of a formal JE scheme potentially leaves the Council exposed in defending its position if faced with a challenge on equal pay. There have been no employee challenges on these grounds to date. An Equal Pay Audit is currently being undertaken to ensure the that the Councils position on pay is robust.
- 4.6 In addition to salary, a flexible benefit is paid in monthly instalments. The flexible benefit amount increases with grade. This can be used to purchase a car park season ticket, contribution to a leased car or taken as a cash alternative. Normal tax and national insurance rules apply to this payment. A vehicle allowance is paid to

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employees who are required to drive on Council business, or with seniority. The Council currently has a car leasing scheme with 40 vehicles on the fleet.

- 4.7 Performance targets are set at the annual Performance Development Review (PDR) meeting, and performance against those targets is formally assessed at least annually between November – February with any uplift paid in April. Progression through a pay grade has historically been based on the PDR assessment where employees would be rated A – D, with A defined as exceptional, B high performing, C satisfactory, and D underachieving. The Council has stepped away from this rating model as the distribution was not consistently representing a realistic picture of performance.
- 4.8 Following the decision not to make a provision for a pay award or pay progression for April 2024, it is felt that a commitment to employees on the Council's approach to pay for 2025/26 is needed. The aim is to provide some reassurance that the Council has empathy with the disappointment felt across the organisation, particularly following the re-structuring which drew to a close in March 2024.
- 4.9 The first commitment suggested is for the Council to align with the National Employers formal collective agreement pay award for local government service employees from April 2025. This undertaking will achieve the following objectives:
- 4.10 to be clear and transparent on the Council's intended approach to pay award early on,
- supports recruitment (greater certainty and greater attraction);
  - reduces variables;
  - tracks comparable councils pay movement in pay awards to not cause further drift.
- 4.11 The Council has historically determined the levels of cost of living/inflationary pay award for employees. Previously this was agreed by the Chief Executive and Leader . This would be based on what Council deemed it could afford and therefore locally agreed.
- 4.12 The aim of this commitment is to take local decision-making variability and uncertainty out and to give clarity to employees that we would apply the nationally agreed award (although the Council is not part of national pay bargaining); i.e. Woking would not 'lock in' to this but look to apply the nationally negotiated pay award.
- 4.13 In making this commitment there is no intention that the Council would also move across to the national pay scheme as this would necessitate the evaluation of all job roles to enable them to be accurately positioned within the scheme. This would create a large volume of work for the organisation which it would not have the capacity to deliver in time for April 2025.
- 4.14 Local negotiations with Trade Unions (TU) would potentially be removed if the nationally negotiated award is an across-the-board percentage increase which can be applied to our existing grades.

- 4.15 It should be noted that if the national award is based on different increases for different grades, then a level of negotiation with the TUs will still be required in determining how this would be applied to our existing grades. Therefore, the Council would not be receiving the overall benefits of relying completely on the national award.
- 4.16 Based on previous years, due to protracted negotiations with three TU's the national award has not been settled until much later in the year and backdated to April. This would not be received well with Woking employees given there was no pay increase in 2024. A solution to mitigate this would be to align with first offer from the National Employers from April 2025 and then make an in-year adjustment if an additional sum is agreed later and backdate this. This is not the recommended approach from the National Employers side as it weakens their bargaining position with the TUs. However, as the Council is not locked into the national bargaining machinery it is felt our actions would not have a wider impact.
- 4.17 The second commitment made to staff, is to undertake a review of the Council's Performance Development Review process so that it recognises staff performance and better supports performance-based progression through pay scales.
- 4.18 The current process where managers and employees are invited to participate in the annual Performance and Development Review (PDR) meeting will continue as before. However, the link to pay has been removed.
- 4.19 The timing for PDRs will align with finalising the Woking for All strategy and Directorate plans, likely to be late Autumn; with PDR meetings scheduled after this to ensure the 'golden thread' of objective-setting runs through this process.
- 4.20 This will be a crucial time for us to invest in our people, to support them in working through priorities which are manageable and equip/develop them with the skills and knowledge to undertake their role effectively.
- 4.21 The PDR review will, as previously, consider:
- Individual contribution, providing clarity on expectations within job role.
  - Clarity on the expectation of managers.
  - The contribution of an individual to team performance.
- 4.22 Reviewing individual behaviours against the Council's behavioural framework.
- Assessing learning and skill requirements and completion of mandatory training – developing an environment where people can grow and develop. Nurturing talent.
  - Health and wellbeing 'check-in'.
- 4.23 Separate to inflationary increases to pay, it is important that employees believe there is a real prospect of moving through their pay range based on their performance and contribution. Historically, many employees have been 'stuck' at the bottom of their pay range for some time. Recognising pay is not the only motivational factor for employees, nevertheless, a lack of progression will impact increased performance, discretionary effort and retention of talent.

4.24 Assessing performance progression through pay ranges will be undertaken as a separate exercise to the PDR. Assessed by the line-manager, a positive recommendation will need to ensure that:

- A PDR discussion has been completed.
- Performance during the previous year was satisfactory.
- All mandatory training has been completed.

This will lead to the movement of one incremental pay point. If any one of these elements is not evident then an incremental pay progression will not be awarded.

### 5.0 Options Considered

- 5.1 The alternative position to that outlined, would be to continue with current process, whereby the award is negotiated at a local level with UNISON and applied in April. This would provide more certainty for budget setting/affordability and a greater degree of control on the timing of the award. However there is a danger that an award agreed locally would not keep pace with the national position and the pay offer would continue to fall behind locally, our main competitor for people.
- 5.2 Linking pay progression to the PDR assessment has not been successful and proven to be a distraction. Separating these processes will allow the manager and employees the space to conduct the discussion in a far more meaningful and supportive way.

### 6.0 Implications

#### Legal

- 6.1 There are no legal implications. The rationalisation of pay award structures, PDR processes and ensuring equal pay principles operate across the organisation mitigate the risks of any future legal challenges

#### Resources (including finance)

The most recent MTFS includes a provision for a pay uplift for staff..

#### Risks and Mitigation

- 6.2 This paper addresses the methodology for future pay awards and progression. The main risk for the organisation would be to not increase pay for 2025/26. This would have a serious impact on staff morale, retention and recruiting and ultimately performance and service delivery.

#### Consultation, Equality Impact Assessments

- 6.3 The pay award and incremental progression will impact all employees equally and therefore a separate impact assessment is not required. The Corporate Leadership Team and UNISON have been consulted on these proposals.

Environment and Climate Change

6.4 None.

**7.0 Supporting Documents**

Appendices

7.1 Comparison of pay awards, Woking to National.

7.2 Woking pay grade framework, April 2023.

**Report Ends**

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### Appendix 1

	Woking	National Employers
1 April 2020	2% cost of living increase. PDR increase. £100 increase on flexible benefit and vehicle allowance.	2.75% increase on all pay points. Agreed August 2020
1 April 2021	–	1.75% increase on all pay points. Agreed Feb 2022 and backdated
1 April 2022	2.5% cost of living increase. Grades W1 – W3 increase to flexible benefit.	Flat rate payment of £1,925 on each scale point.
1 April 2023	£1,900 pay award (pro-rata for part-time employees).  A one-off consolidation of individual spot salaries onto the revised fixed point pay progression framework.  An additional pay progression movement.	Flat rate payment of £1,925 on each scale point. Increase annual leave by one day Agreed November 2023
1 April 2024	–	An increase of £1,290 to be paid as a consolidated payment. 2.5% increase for pay points above the maximum of the pay spine. Increase of 2.5% on all allowances.

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Pay Grade Framework Including flexible benefit and job related vehicle allowance (as at 1 April 2024)

W1	
W1 Z1	£23,151
W1 Z2	£23,489
W1 Z3	£23,912
W1 Z3	£24,355
W1 Z3	£24,798
W2	
W2 Z1	£24,799
W2 Z1	£25,233
W2 Z1	£25,667
W2 Z1/2/2	£26,104
W2 Z2	£26,538
W2 Z2	£26,972
W2 Z2/23	£27,405
W2 Z3	£27,843
W2 Z3	£28,277
W2 Z3	£28,713
W3	
W3 Z1	£28,714
W3 Z1	£29,199
W3 Z1	£29,684
W3 Z1/2/2	£30,172
W3 Z2	£30,657
W3 Z2	£31,142
W3 Z2/23	£31,630
W3 Z3	£32,115
W3 Z3	£32,600
W3 Z3	£33,087
W4	
W4 Z1	£33,088
W4 Z1	£33,524
W4 Z1	£34,960
W4 Z1/2/2	£35,298
W4 Z2	£36,034
W4 Z2	£36,770
W4 Z2/23	£37,508
W4 Z3	£38,244
W4 Z3	£38,980
W4 Z3	£39,717

W5	
W5 Z1	£39,718
W5 Z1	£40,291
W5 Z1	£40,864
W5 Z1	£41,437
W5 Z1/2/2	£42,012
W5 Z2	£42,585
W5 Z2	£43,158
W5 Z2	£43,731
W5 Z2/23	£44,306
W5 Z3	£44,879
W5 Z3	£45,452
W5 Z3	£46,025
W5 Z3	£46,598
W6	
W6 Z1	£46,599
W6 Z1	£47,222
W6 Z1	£47,874
W6 Z1	£48,526
W6 Z1/2/2	£49,179
W6 Z2	£49,831
W6 Z2	£50,483
W6 Z2	£51,135
W6 Z2/23	£51,788
W6 Z3	£52,440
W6 Z3	£53,092
W6 Z3	£53,744
W6 Z3	£54,396
W7	
W7 Z1	£54,397
W7 Z1	£55,320
W7 Z1	£56,261
W7 Z1	£57,193
W7 Z1/2/2	£58,126
W7 Z2	£59,058
W7 Z2	£59,990
W7 Z2	£60,922
W7 Z2/23	£61,895
W7 Z3	£62,827
W7 Z3	£63,759
W7 Z3	£64,691
W7 Z3	£65,623
W8	
W8 Z1	£65,624
W8 Z1	£66,525
W8 Z1	£67,426
W8 Z1	£68,327
W8 Z1/2/2	£69,229
W8 Z2	£70,130
W8 Z2	£71,031
W8 Z2	£71,932
W8 Z2/23	£72,833
W8 Z3	£73,736
W8 Z3	£74,637
W8 Z3	£75,538
W8 Z3	£76,439

W9	
W9 Z1	£76,440
W9 Z1	£77,612
W9 Z1	£78,784
W9 Z1	£79,956
W9 Z1/2/2	£81,130
W9 Z2	£82,302
W9 Z2	£83,474
W9 Z2	£84,646
W9 Z2/23	£85,820
W9 Z3	£86,992
W9 Z3	£88,164
W9 Z3	£89,336
W9 Z3	£90,508
W10	
W10 Z1	£90,510
W10 Z1	£92,017
W10 Z1	£93,524
W10 Z1	£95,031
W10 Z1/2/2	£96,538
W10 Z2	£98,045
W10 Z2	£99,552
W10 Z2	£101,059
W10 Z2/23	£102,566
W10 Z3	£104,073
W10 Z3	£105,580
W10 Z3	£107,087
W10 Z3	£108,593
W11	
W11 Z1	£108,594
W11 Z1	£110,237
W11 Z1	£111,880
W11 Z1	£113,523
W11 Z1/2/2	£115,167
W11 Z2	£116,810
W11 Z2	£118,453
W11 Z2	£120,096
W11 Z2/23	£121,740
W11 Z3	£123,383
W11 Z3	£125,026
W11 Z3	£126,669
W11 Z3	£128,312
W12	
W12 Z1	£128,313
W12 Z1	£130,052
W12 Z1	£131,791
W12 Z1	£133,530
W12 Z1/2/2	£135,272
W12 Z2	£137,011
W12 Z2	£138,750
W12 Z2	£140,489
W12 Z2/23	£142,231
W12 Z3	£143,970
W12 Z3	£145,709
W12 Z3	£147,448
W12 Z3	£149,189

Flexible Benefits Allowance	
W1	£1,700
W2	£1,783
W3	£1,881
W4	£2,007
W5	£2,241
W6	£2,506
W7	£2,888
W8	£3,255
W9	£3,731
W10	£4,347
W11	£5,018
W12	£5,728

Vehicle Allowance	
£2,500	

Trainee / Apprentice Grades		
T1	Apprentice	£5.40 per hour
T2	Under 18	£5.40 per hour
T3	18 to 20 year old	£5.60 per hour
T4	Age 21 or over	11.44 per hour