



Report of the Chief Executive

Council – 4 May 2023

Chief Officer Job Evaluation Scheme

Purpose:	To consider and Agree proposals in relation to adoption of a new Job Evaluation Scheme for Chief Officers
Policy Framework:	Pay Policy 2022, Workforce Strategy 2022/27
Consultation:	Legal, Finance, Access to Services
Recommendation(s):	It is recommended that Council: 1) Consider the recommendations of the independent consultants as detailed in Sections 2 to 10. 2) Agree to the recommendations detailed in Section 11 to adopt the LGA Job evaluation scheme for Chief Officers for future use. 3) If recommendation 2 is accepted that the appropriate changes are made to the Pay Policy by Council. 4) Notes the summary of existing pay bandings in paragraph 11.6 and Appendix D.
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1. Introduction

- 1.1 In the Report of the Chief Executive to Council on 4th November 2021 on the Senior Management Structure it was stated "Following the implementation of the restructure a review of pay and grading for senior officers will be undertaken. This will require external expertise via consultancy support.

It is likely that this may need to include a consideration of senior managers in the tier immediately below heads of service, but this element will be the subject of further reports”.

- 1.2 The Council’s Workforce Strategy for 2022/27 identified under the Strand “Recognising Performance “the Action for a “Review of pay and grading across the Council and for senior roles as identified through the senior management review”.
- 1.3 Initial indicative proposals were received mid 2022 from the consultants setting out a series of recommendations. However since this date, a temporary pause was placed on the process while the budget discussions for 23/24 took place. In addition the appointment of a permanent CEO who sits outside of the wider Chief Officer JE scheme means that the process can now be taken forward.
- 1.4 The Council currently uses the GLPC scheme to evaluate senior management roles. This scheme was introduced in 2009 and all jobs reviewed in 2012. The scheme itself was introduced in the early nineties and we believe has not been updated and is not now widely used elsewhere. There is a lack of resource trained on this scheme in Swansea and is not considered flexible enough for modern use. The scheme is therefore no longer fit for purpose or suitable for current and future need and it has become increasingly difficult to review any Council roles due to its limited usage UK wide.
- 1.5 The previous report to Council confirmed that a review of pay and grading for senior officers will be undertaken. This will require external expertise via consultancy support. It is likely that this may need to include a consideration of senior managers in the tier immediately below heads of service but not the wider JE staff for the remaining workforce. This would be a matter for further consideration in due course.
- 1.6 Nawrat Seymour HR Service have been engaged as consultants to consider points i, ii and iii and their findings and recommendations in relation to point (i) relating to the Job Evaluation Workstream are italicised and detailed in Sections 2 to 9.
- 1.7 **It should be emphasised that the proposals contained in this paper relate specifically to the adoption of a new Job Evaluation scheme and do not refer to pay and grading arrangements in the Council. Their findings in relation to grading structure will be subject to a separate future report to ensure independence of process and decision-making.**

Paragraph 2 to 10 sets out the summary of the report provided by Nawrat Seymour plus an analysis of the two schemes

2. Report Provided by Nawrat Seymour HR Service in relation to the Job Evaluation Workstream

- 2.1 Nawrat Seymour HR Service were instructed to assess the merits of an appropriate job evaluation scheme and recommend a preferred scheme for approval. They have provided information on potential options for adoption by Swansea and made recommendations on the way forward. The detail of their report in relation to the Job Evaluation Workstream is as follows;
- 2.2 *Changes in pay and grading have consequences for individuals and where information is available to us, we have commented on impact. Changes must also be critically challenged to ensure that there is no adverse impact based on a protected characteristic, (for example, sex, disability, race). This is a very small group of people which makes statistical analysis difficult as small changes can skew results, however, we have provided comments on the equality impact alongside our proposals.*
- 2.3 *The existing methodology for senior managers has been discounted by the council on the basis that it provides no objective justification nor is future proofed. On that basis we have not analysed further. Senior Managers should be treated as other staff where posts are evaluated, albeit there are some employment groups, such as those on Soulbury grades, who are out of scope of standard job evaluation arrangements. This is not unusual for a local authority workforce.*
- 2.4 *Prior to looking at the merits of the appropriate job evaluation schemes it is worth briefly considering why use job evaluation at all. The Equal Pay Commission notes that whilst not mandatory, job evaluation is one of the most important tools for reviewing and assessing whole pay systems and ensuring employers meet their obligations under the Equality Act 2010. Job evaluation determines the relative size of jobs within an organisation and whilst not determining pay, provide a rational basis for the design and maintenance of a defensible grading structure. The application of job evaluation minimises subjectivity and enables systematic and consistent decisions to be made about the job rather than postholders therefore protecting the organisation against claims of bias and discrimination.*
- 2.5 *Alongside the adoption of a job evaluation scheme, the council must consider how it should be managed in house. We recommend the adoption of some basic principles:*
- i. **Job evaluation should be based on job documentation that is agreed by the organisation's management.** *Whilst at this level in particular job holders may participate in writing it is a management responsibility. Further comments on what job documentation should look like are given below.*
 - ii. **Job evaluation is undertaken by trained practitioners, who are independent of the post in question.** *Job evaluation of HR posts would therefore normally be done by the relative job evaluation*

method owner (LGA or Korn Ferry) or a reciprocal organisation, e.g. another local authority, albeit in our experience the latter is a fairly rare solution to ensuring independence.

- iii. **Job evaluation is undertaken by a panel of at least two people.** It is also valuable for panel outcomes to be scrutinised by a further trained practitioner; in Hay this is often referred to as sore thumbing. Its purpose is not to change the evaluation but to challenge and to question consistency with other evaluations.
- iv. **Job evaluation results are maintained on a database.** Often overlooked, rigour on retaining job evaluation marks is essential, to deal with queries, to cross check on consistency across posts and over time, to avoid the need to regularly job evaluate in response to minor changes when evidence shows small changes in job evaluation marks will not impact on grades.
- v. **A recognition that job evaluation marks, as well as grades, can go down as well as up.** Whilst this should be self-evident there can be a tendency for job evaluation to be associated with regrading, that is upwards. Failure to correct this view has the potential to create dissatisfaction with whatever scheme is adopted.

2.6 Two analytical evaluation schemes are considered. These are schemes where jobs are broken down into components (known as factors) and scores for each component of the job are awarded with a final total giving an overall rank order. Scores can be grouped into grades. These schemes are tried and tested in local authorities for senior manager roles and our task has been to see the best fit for Swansea at this time.

3. Local Government Association (LGA) Chief Officer Scheme

3.1 In the past the LGA worked closely with Hay on job evaluation of senior managers. However, they advise that they developed their own scheme 7/8 years ago. They estimate that around 60 authorities now use, including Birmingham and Manchester, as well as others such as Academies. The LGA advise they have ACAS approval on the scheme's rationality.

3.2 There is no cost to subscribe to the scheme. However, there are costs which arise from undertaking initial job evaluation and training. Their approach would be:

- To evaluate the posts in this cadre. As part of this process, they request that postholders provide information via a bespoke questionnaire.
- It is subsequently the consultants' view that this would take a minimum of eight days based on previous experience and may therefore vary. There would also be a further three days analysis.
- They would then train in-house evaluators to manage the job evaluation process going forward and "assumes that this is done face to face rather than remotely. The LGA's view is that this tends to work better".

The LGA have presumed that there will also be some active work on translation to pay using data and have included this in their total estimated cost.

- 3.3 *As part of the job evaluation process they would also look at the jobs that butt on to the chief officer grading. They have knowledge of the National Job evaluation scheme and the GLPC job evaluation, the latter being used in Swansea, albeit amended as noted below. This is to check that the job evaluation break between the senior management group and main grades is correct and to comment on any jobs that have the potential to change. It is difficult to be precise on timescale to do, but one or two days extra consultancy days would not appear unreasonable.*
- 3.4 *The scheme appears to be simple to use. It looks at four areas each with two sub factors; knowledge requirement, creative thinking / policy direction involved, impact on people / organisation, responsibility for resources. Whilst the LGA can provide guidance, e.g. how to take account of budgets in the evaluation, they suggest that their users do not suggest there is a need to do. There has also been no demand to create a user group, the LGA argue this is because the scheme is simple to apply. The LGA do not routinely quality sample new evaluations undertaken in-house, but they can, however, do if this is required. This would attract a cost at a percentage of the day rate.*
- 3.5 *The scheme does not provide a ready conversion to grades, albeit they can advise on suitable points to grade levels this is primarily local led. They do not hold a database of job evaluation marks and pay; their interest is in managing and providing a robust job evaluation scheme rather than broader pay data.*
- 3.6 *The scheme does not have a defined appeals procedure, but the LGA recognise that the ability to appeal provides a safety net to maintain user satisfaction and protect against equal pay claims. Their approach on such occasions is to offer independent evaluation where a matter cannot be resolved internally. As would be expected for posts at this level, where small changes in job accountabilities will infrequently change a grade, such occasions are rare.*

4. Korn Ferry Hay Job Evaluation Scheme

- 4.1 *The Hay Group Guide Chart Method of job evaluation was developed in the 1950s and is widely used across North America and Europe. It is owned by the consultancy group Korn Ferry who advise that in England and Wales it is now used by 150 authorities, 30 of these use from the bottom to the top of their organisation the remainder begin to use at different levels in the hierarchy most commonly at senior management levels. Hay job evaluation is also used for senior Civil servant posts and parts of the NHS. Korn Ferry advise that it has been tested to meet equal pay requirements, via the Courts.*

- 4.2 *The Hay job evaluation method is based on the concept that:*
- *all jobs exist to provide an impact or output to the organisation, (its “accountability”).*
 - *achievement of accountability demands an input of knowledge, skills, and experience, (the “know how”).*
 - *to turn know how into results it must be used to solve problems that arise in the job, (“problem solving”).*

The methods claim that any role can be characterised in terms of its know-how, problem solving and accountability. To refine the evaluations each factor is further sub divided into two or three elements, providing a depth of analysis. From our experience of using Hay, there is no need to write local conventions and the scheme lends itself well to organisations with a clear hierarchy.

- 4.3 *To be accredited to use Hay, Korn Ferry offer two routes, these are:*
- a) *Korn Ferry would evaluate all posts at this level, we have assumed up to 50. They would present a rank order and the total scores to the organisation for discussion with the Chief Executive and HR Director. They would provide support on the conversion of job evaluation totals to grades and guidance on parameters so that when a job changes, or new one is created, they can be slotted in where appropriate.*
- b) *Korn Ferry would evaluate the Chief Officers and undertake a sample of evaluations throughout the hierarchy to set benchmarks. They would then train inhouse staff, (up to 8), who would undertake the remaining evaluations. Korn Ferry would quality sample these evaluations and discuss as need be with the council. On a continuing basis Swansea staff would evaluate and use Korn Ferry to quality sample results, or request then to undertake where their independence is required, such as human resources evaluations.*

This hands-on approach by Korn Ferry is valuable in maintaining the integrity of the scheme particularly in its early implementation stages, where it is particularly important to ‘set’ the right direction and create a baseline.

- 4.4 *In addition to job evaluation outcomes, the Hay scheme has associated features, they are:*
- *Whilst we suggest it is a step too far for Swansea and the numbers of posts in question, Hay job evaluation is one component of Korn Ferry’s so called talent hub. Simplistically, this spans, individual assessments, competencies, job description, job evaluation, market insights, interview guides, etc.*
 - *Participation in the Hay local government user group which is currently led by Kent County Council.*
 - *Access to salary survey information, at a separate cost. This tends to be useful for posts that have a wide sector data set, at this level posts such as IT and Finance. Users compare total salaries based on total job evaluation points.*

- 4.5 *The scheme does not have an integral appeals process. Were Swansea want to set up, we would advise that Korn Ferry is used to undertake independent evaluation where there is a matter of continuing dispute that cannot be resolved internally.*

5. Analysis / Comparison of the Job Evaluation Schemes

- 5.1 *Our analysis of the two schemes is as follows:*
- a. *Both schemes are equally strong in safeguarding against equal pay claims. Both are analytical, look at the job not the person and rely on independent trained evaluators.*
 - b. *Both schemes are supported and maintained in a professional manner. Both schemes provide training and support. Both are future-proofed in terms of their maintenance and support.*
 - c. *In implementation terms, both offer the option for independent evaluations (at a cost) and a hybrid with more inhouse input. With both schemes this would create a baseline and conventions in application for the future.*
 - d. *The Hay scheme is more sophisticated and nuanced in its approach; this is unsurprising as it aims to have scope to evaluate all types of posts at all levels in all sectors. Hay scheme has checks and balances within the scheme which helps ensure proper application. The LGA scheme is specifically geared to local government senior posts and as such is simpler to operate. Both require professional judgement from trained evaluators; for Hay the demands are probably greater because it is more complex albeit in practice this has not been a barrier for existing users and the checks and balances add extra safeguards to ensure the quality of evaluations.*
 - e. *The Hay scheme offers the opportunity for external comparisons (market style) and a support group. In practice, comparisons are only valuable where there are large groups of similar staff and are less useful for senior posts due to size, structure etc. Market comparisons are better to determine relative pay for unique jobs. The LGA scheme by its nature is part of the local government family.*
 - f. *Both schemes would encourage an appeals process, and both would recommend a new independent evaluation (a review) as the route.*

6. Information from other users

- 6.1 *It is worth noting that until the LGA scheme was introduced for senior managers Hay was the only option, although many did not use an analytical job evaluation scheme. Both schemes now have a large number of existing users across local government. We have received some feedback from current LGA users and we have experiences with local authorities using the Hay scheme.*
- 6.2 *Feedback from two Welsh local authorities note that they find the simplicity of the LGA scheme makes it easy to pick up, especially for those with job evaluation experience in other schemes. They also advise*

that the LGA is available to quality sample job evaluation done in house when required.

- 6.3 *Having recently worked with a London authority who use Hay for senior jobs, they recognised the quality of the scheme and were assured that it appropriately distinguished between jobs. They were not frequent users and at times lacked confidence in using the scheme, albeit we suggest that this may be a typical problem when people only undertake job evaluation occasionally,*

7. Costs

- 7.1 *A comparison of costs between the two schemes indicate a significant difference.*

8. Documentation

- 8.1 *It is worth noting that regardless of the scheme chosen, the council will need to ensure that it holds current and accurate job documentation. At minimum both schemes will require for each job:*

- *Information on its accountabilities.*
- *A structure chart, showing who it reports to and those directly managed.*
- *Details of the total and type of staff under its overall control.*
- *Budget information.*

Typically, job evaluation exercises collate staff management and budget information through the use of questionnaires, as well as other details that help the evaluation process, such as noting key contacts. Evaluation of the jobs will provide an opportunity for the council to review its current job descriptions for posts at this level with a greater emphasis on accountabilities rather than broad values (which are more valuable for recruitment and management of staff).

9. Relationship between job evaluation and grading.

- 9.1 *The job evaluation process for both the above schemes gives a total score for each job. Neither converts these scores to grades, (or pay), but the way that schemes have been written, they create clusters of similar job evaluation scores which can be used to attach ranges of job evaluation scores to grades, for example at Chief Officer level rather than Head of Service type roles. Whilst the numbers of grades are a local decision, to maintain the integrity of the job evaluation scheme some guidance is provided, e.g., it would be questionable to use the scores to create say ten or twelve grades. To be accredited under the Hay scheme, Korn Ferry will provide support on the appropriate conversion of job evaluation scores to grades. Similarly, the LGA will also provide assistance on this point. It is best practice therefore to pursue a process of job evaluation before deciding on the final numbers of grades,*

however, for a hierarchy such as Swansea's four/five senior manager levels below the Chief Executive are sustainable.

10. Consultant Recommendations

Our recommendations are:

- 10.1 *That Swansea adopts the five principles in managing job evaluation as set out in paragraph 2.5 above.*
- 10.2 *There is a significant difference in cost between the two job evaluation schemes. LGA scheme is simpler to operate and to maintain in the future. Hay offers more "add-ons" but at cost and is more sophisticated in its application; however, it is questionable whether these additions are valuable to Swansea. Both schemes would do the job that it is required, and meet equality considerations, we suggest that the council's final decision will be reasonably based on cost, potential use of the add-ons, described and users' ability to evaluate only on an occasional basis.*
- 10.3 **Based on the information provided and, on the advice of our consultants, it is recommended that the LGA Scheme be adopted.**

11. Officer Comments

- 11.1 A summary of the Hay and LGA Schemes are attached as Appendices A and B.
- 11.2 Across Local Authorities in Wales there is a mix of Schemes applied. The LGA Scheme is known to be used in Ceredigion, Torfaen, Powys and Ynys Mon. The Hay Scheme is known to be used in Cardiff, Newport, Neath and Port Talbot and Wrexham.
- 11.3 Taking into consideration the comments of the independent consultants, the nature, and the potential cost of both schemes, it is the view of the Strategic HR&OD Manager and the Chief Executive that the LGA scheme is adopted. The rationale for this view is primarily due to cost and future operation, alongside the assurance that both schemes would be broadly equally applicable to Swansea Council and would also align to one of the objectives of the Council's Workforce Strategy.
- 11.4 In addition it is recommended that in relation to paragraph 3.3 above, it is proposed that the work is extended to look at those roles that "fall between" the current substantive JE scheme and the chief officer scheme as this continues to lead to some frustration and confusion.
- 11.5 If Council is minded to support the recommendations to proceed this would require careful management in its implementation, independent of impacted officers. This would also require consultation with impacted employees and Trade Unions. As such the trade unions were briefed by the Chief executive on the 14th of March and Chief officers were briefed on

the 15th of March. Further consultation will take place prior to Council on the 4th May and subsequently subject to Council's decision.

- 11.6 For awareness, the current Chief Officer Bands are attached as Appendix D.

12. Integrated Assessment Implications

- 12.1 The Council is subject to the Equality Act (Public Sector Equality Duty and the socio-economic duty), the Well-being of Future Generations (Wales) Act 2015 and the Welsh Language (Wales) Measure, and must in the exercise of their functions, have due regard to the need to:

- Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Acts.
- Advance equality of opportunity between people who share a protected characteristic and those who do not.
- Foster good relations between people who share a protected characteristic and those who do not.
- Deliver better outcomes for those people who experience socio-economic disadvantage
- Consider opportunities for people to use the Welsh language
- Treat the Welsh language no less favourably than English.
- Ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs.

- 12.2 The Well-being of Future Generations (Wales) Act 2015 mandates that public bodies in Wales must carry out sustainable development. Sustainable development means the process of improving the economic, social, environmental and cultural well-being of Wales by taking action, in accordance with the sustainable development principle, aimed at achieving the 'well-being goals.

- 12.3 Our Integrated Impact Assessment (IIA) process ensures we have paid due regard to the above. It also takes into account other key issues and priorities, such as poverty and social exclusion, community cohesion, carers, the United Nations Convention on the Rights of the Child (UNCRC) and Welsh language.

- 12.4 An IIA has been completed and determined that a full assessment is not required. It has been considered that there will be a low impact on the protected characteristics.

External independent consultants were engaged to undertake an analysis of Job evaluation scheme and prepare a report with recommendations to Council. There are no negative WFG implications.

The current scheme is no longer supported or fit for future use. There is a risk that there will be no suitable evaluation process and potentially, equal pay issues moving forward if we did not change the current scheme.

The consultants have included in their considerations the potential impact of each Job Evaluation Scheme and concluded that “both schemes are equally strong in safeguarding against equal pay claims” (5.1.a).

13. Financial Implications

- 13.1 **The recommendation, and decision by Council, to commission an evaluation, was explicitly on the basis of understanding that there would be no additional costs to the senior management structure longer term. Although it should be recognised that the grade and salary of some posts may go up whilst others may go down.**

There may be some elements of short term pay protection contractually obligated by existing contracts of employment and standard council terms and conditions on job evaluation grading outcomes to be met dependent upon the outcome of evaluation results. These short-term costs can be accommodated from the restructure reserve.

14. Legal Implications

- 14.1 There are no legal implications associated with this report other than the requirement to ensure that any agreed scheme meets the requirements of equal pay provisions referred to in Section 5.
- 14.2 The current GLPC Officers Scheme is referenced in Section 7.3 of the Pay Policy. Any change to this would need to be agreed by Council.

Background Papers: None.

Appendices:

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| Appendix A | Hay Job Evaluation Scheme |
| Appendix B | LGA Job Evaluation Scheme |
| Appendix C | Integrated Impact Assessment |
| Appendix D | Chief Officer Salary Bands |