CQC PAY AND GRADING OFFER: JOINT TRADE UNION BRIEFING

INTRODUCTION

All the recognised trade unions in CQC are consulting their members on the enclosed pay and grading offer. CQC wants to implement a new pay structure by way of a collective agreement with the trade unions. The trade unions will only enter an agreement if members decide to accept it.

This briefing has been prepared for the benefit of trade union members to help you assess what the pay offer means for you and your colleagues. Each union will have its own method of consulting its members, including through ballots. Along with this briefing you will receive information from your individual trade union including deadlines for responses, and your union’s assessment of the offer.

It is very important that as many members as possible take part in the consultation/balloting process. You pay your union subs because you want to have a say over your pay and conditions, but what union members decide affects all staff in CQC. CQC has refused to allow the unions to email all staff inviting those who are not members to join a union in order to take part. So we are asking you our members to spread the word – let your colleagues know that by joining they will have access to union briefings and a chance to have their say.

At the close of the balloting/consultation period (by end of February) the joint trade unions will come together to review their results and:

* if a clear majority of members vote to accept the offer the trade unions will formally agree the new structure with CQC;

* if a majority of members vote to reject the offer we will communicate this to management; seek to re-open negotiations and if that fails enter formal dispute. Any industrial action would be the subject of new and separate ballots of members.
1 TRADE UNION COMMENTARY ON THE OFFER

1.1 The enclosed pay and grading offer that you are now being consulted on is based on a job evaluation exercise carried out by CQC, and not jointly with the trade unions. The number of grades and the position of the grade boundaries were also determined by CQC (see para 9 of CQC’s final offer letter and annex 2 of this briefing on the history of the negotiations).

1.2 The Grade Definitions and Grading Guidance referred to in para 9 of CQC’s final offer letter is the document that describes the general features of jobs in each grade, but it does not contain details of specific jobs. This has been omitted from your pack to save space but is available on the CQC intranet at http://intranetplus.cqc.local/About%20CQC/Business%20plans,%20programmes%20and%20projects/Job%20evaluation%20and%20reward%20review/Documents/CQC%20-%20Grade%20Definitions%20-%20Guidance%202.pdf

1.3 However we are enclosing what we understand to be the current list of each job and what grade it has been evaluated at. This is being provided to you because you are a trade union member on a CONFIDENTIAL basis for the purposes of taking part in consultation/balloting on the pay and grading offer. CQC does not intend to publish grade outcomes for staff until after the trade union ballots are complete. PLEASE DO NOT SHARE THIS INFORMATION WITH ANY NON-TRADE UNION MEMBERS. Individual employees will receive confirmation and salary impact from CQC if and when implementation is agreed. Any reviews or appeals could result in changes to where posts are placed on job evaluation.

1.4 The trade unions continue to believe that the JEGS scheme and CQC’s methodology were not the best choice for CQC. We also continue to believe that the grade boundaries should have been negotiated rather than imposed.

1.5 This means we have not been able to negotiate over how your job was measured and what grade it was put into. We have only been able to negotiate over what the pay rate for each grade should be, and associated terms and conditions changes. We will advise and assist members who wish to appeal against their job evaluation outcome ie the grade their job has been put into.

1.6 The pay structure and salary bands which have come out of these negotiations have been constrained by the restrictions imposed by the public sector pay freeze which CQC did not get permission to defer.

1.7 The trade unions have a duty to balance the interests of all our members – those who have been relatively underpaid according to the new job evaluation/grading scheme, and those who through no fault of their own are now deemed to be ‘overpaid’. This has proved very challenging indeed and we believe we have now
reached the end of the road in terms of what can be negotiated with CQC in the current climate.

The negatives

1.8 As a result of the wide disparities in pay between staff from the three legacy Commissions, civil service pay remit restrictions and the budgetary restrictions claimed by CQC:

- many staff stand to lose pay at the end of their protection period
- there is no guaranteed progression so it may take staff assimilated at the bottom of the band a long time to catch up with those doing the same or equal value jobs who are assimilated at the top, or who retain protected pay
- some potential gainers will have to wait until September 2012 to be moved up to their new band minimum, and even then this will be subject to the new pay remit guidance.

1.9 The ironing out of disparities over time will be slowed down by the prospect of ongoing pay restraint even when the pay freeze lifts. The Chancellor has announced that for the following two years (2012-14 for CQC) civil service and related employers will be allowed to spend no more than 1% of their total paybill on pay increases for staff.

1.10 The salary bands for the lower grades are relatively low, particularly for business services staff, business coordinators etc, although in negotiations we were able to make significant improvements on the opening proposals from CQC.

1.11 The impact of the proposed pay structure on staff in post at 31st December 2011 would be as follows:

- **Around 30% are below their proposed new band minimum.** Just over 300 staff who have been promoted, or are paid £21k or less would get a pay increase from 1 April 2012 to take them to the minimum. Another 237 would not get their increase until the end of the pay freeze – expected to be September 2012. Some 111 of the 237 are new staff recruited since 1 September 2011 who came in on interim spot salaries, mainly compliance inspectors recruited on £35,000. They will move to the band minimum from 31st August 2012. September 2012 is the scheduled end of CQC’s two-year pay freeze – so CQC expects to be able to pay all the outstanding increases then, provided the 1% pay remit announced by the Chancellor does not contain any restrictions preventing this.
• **Around 44% are already within their proposed new pay band** and therefore would move across with their current salary unchanged, and therefore no gain, on implementation;

• **Around 25% are above their band maximum and would be subject to the pay protection proposals** (see annex 2 of the CQC final pay offer document for details of the pay protection).

1.12 Because of the wide variation in previous pay rates for staff who are now doing the same job – the impact for individuals of being moved on to the proposed new bands varies considerably. Examples from some of the bigger job groups illustrate the issue:

• **Compliance managers:** 27% would be in pay protection but 35% would be due a pay increase to take them to the band minimum
• **Compliance inspectors:** 10% would be in pay protection but 16% would be due a pay increase to take them to the band minimum
• **Registration assessors:** 18% would be in pay protection but 18% would be due a pay increase to take them to the band minimum
• **Regional intelligence & evidence officers:** 58% would be in pay protection but 29% would be due a pay increase to take them to the band minimum
• **Senior analysts:** 22% would be in pay protection but 41% would be due a pay increase to take them to the band minimum
• **Analysts:** None would need pay protection but 52% would be due a pay increase to take them to the band minimum
• **Business co-ordinators:** 94% would be in pay protection but 6% would be due a pay increase to take them to the band minimum
• **NCSC Officers:** 17% would be in pay protection but 82% would be due a pay increase to take them to the band minimum
• **Senior business services:** 82% would be in pay protection but 3% would be due a pay increase to take them to the band minimum
• **NCSC Administrators:** 1% would be in pay protection but 99% would be due a pay increase to take them to the band minimum
• **Business services:** 93% would be in pay protection but 7% would be due a pay increase to take them to the band minimum

*Note: The increases due, or amounts above the new maximum, could vary from a few pounds to a substantial gap. Those below the minimum include people who were promoted to higher responsibility jobs but only got the 10% holding increase.*
The positives

1.13 After three years of chaos the structure would provide a starting point for bringing those doing the same jobs, or jobs rated as equivalent into line with each other in pay terms. It would provide a structure for the future as new staff come in, and a consistent means of determining what newly created jobs should be paid.

1.14 Nearly 50% of all staff would be within the new pay bands and therefore would see no change to their pay, however many would have greater ‘headroom’ ie the potential to progress to a higher maximum for many of the staff.

1.15 Some staff promoted some time ago, but not receiving the minimum for their new grade will receive considerable back pay, and 31% of all staff would be due a pay increase effective from April or September 2012 (pay remit permitting).

1.16 The offer contains two full years of protection, followed by tapered protection of up to a further five years on a reducing proportion of the ‘excess’ pay. In the current negotiating context, this compares relatively well with protection packages we are able to negotiate elsewhere.

1.17 For the pay year September 2012-2013, any progression increases that are negotiated from the pay remit would not be decided by the individual’s performance rating. Beyond next year, CQC wants to introduce a link between pay progression and PDR ratings, but the trade unions oppose this. Further negotiations on progression will take place without prejudice, later this year.

1.18 Guaranteed annual increments (of the kind CSCI operated) are now prohibited by Government pay policy but the proposed structure has indicative pay points which can be used in annual pay reviews to structure pay awards and move towards greater consistency in where staff sit within the salary bands. Once we’ve ensured everyone is at least on their pay band minimum, one of the first priorities for the unions would be to move all staff up to their nearest pay point. Then over time we could look to construct awards consisting of one or more pay points each year. However we are unlikely to be able to achieve much movement in the short-term on this as the Chancellor is restricting overall pay remits to 1% of the paybill for at least the next two years.

1.19 The proposed uplift for staff eligible for London allowance is £4500, a single and consistent amount regardless of salary – which is fairer than variable rates because the additional costs of London living don’t vary by income. This allowance would cover the whole of London region territory and Finsbury Tower. There would no longer be a lower outer London allowance. There is a national
pay structure and a London pay structure but the £4500 has been added as a consistent addition to each pay point meaning that each year the London allowance could be reviewed separately.

1.20 There would be no fringe allowances and homeworkers who work in the London region but live outside London – or who live in London but don’t work for the London region – would not go onto the London pay structure. But they would not lose their current allowance – it would be consolidated into their salary. However for some individuals this may have the effect of taking them into pay protection.

1.21 The current homeworking allowance would be retained.

1.22 CQC has said it wishes to cease the business travel allowance in its current form, however following strong opposition from the unions a full review of all possible options for compensating essential car users has been agreed. Further negotiations are to take place with a view to completion by 1 April 2012 when ex-CSCI staff would be due to receive their next annual payment. Trade unions will consult members separately on any proposals for a new system. In the meantime the unions are clear that ex-CSCI staff have a contractual right to the business travel allowance as a lump sum.

1.23 All existing staff will retain their current annual leave entitlements although the offer includes a commitment from CQC, as soon as possible after the pay freeze lifts, to harmonise all existing staff up to the 32½ days that ex-CSCI and MHAC staff have. The quid pro quo for this would be a new starting rate, effective for any staff recruited on or after 1 April 2012, of 27 days rising to 32½ over five years.

1.24 CQC is not proposing to make any wholesale changes to legacy terms and conditions. The pay offer includes only limited changes:

- for staff on CQC terms and conditions, notice periods would be rationalised;
- for staff on DH (MHAC) terms and conditions, the pay review date would move from August to September, and the annual leave roll-over maximum would reduce from 9 days to 5 days.
- For staff on HCC terms, they will be offered the opportunity of moving to CQC terms to take advantage of superior sickness and redundancy entitlements. CQC have said there would be no disadvantages for ex-HCC staff in doing this.
## Annex 1: Progress in negotiations – at a glance

### Where we achieved progress...

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<tr>
<th>Item</th>
<th>Comment</th>
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<tr>
<td>Improvements to minimums and maximums of most bands</td>
<td>We were able to secure improvements on CQC’s original proposals to the top and bottom of most bands, and a particular improvement to their opening proposals for the lowest band G</td>
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<tr>
<td>‘Target zone’ - restricted area at the top of band</td>
<td>We persuaded CQC to drop a proposal for a ‘target zone’ above each band maximum. This would have been a restricted area above the real maximum which staff could only progress into if they got consecutive performance ratings of ‘outstanding’ or ‘exceeds’. The trade unions felt this was divisive and created a part of the band that the majority of staff would never be able to reach. Instead we were able to secure improvements to the general band maximums.</td>
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<td>Differentiation of London weighting</td>
<td>CQC management originally wanted to have a lower rate of London allowance for homeworkers, and a differing allowance depending on grade. The unions successfully argued that there should be one rate because the additional cost of living does not vary by what grade you are on. We also felt a lower rate for homeworkers was not justified.</td>
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<tr>
<td>Eligibility for London pay</td>
<td>The offer ensures that any staff no longer eligible for London pay, or who currently get a fringe allowance, would keep what they have got as the old allowances would be consolidated into salaries before assimilation.</td>
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<td>Individualised performance related pay progression</td>
<td>CQC wanted to phase in an individualised performance-related pay system. This would mean progression increases would rely entirely on individual performance markings based on a complicated scorecard system. We believe this would be subjective, unfair and unworkable. We secured agreement that for the 1st year there would be no link to PDR ratings. But the issue hasn’t gone away. CQC still want to go down this road and we will have to try and resist this when negotiations on progression commence.</td>
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<td>Open pay ranges for some grades</td>
<td>CQC wanted the three higher paid grades to have open pay ranges, ie no pay points at all, so that progression awards could be entirely individualised. The trade unions wanted contractual annual increments so that all staff would have the chance to progress through the band at the same speed</td>
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(unless they were in a capability or disciplinary process.) However Treasury pay guidance prevents any civil service and related employers from offering contractual increments. Following negotiations, we managed to get agreement that all pay bands should have indicative pay points. These had to be set at 1% intervals to allow for the very small budgets that will be available in future pay remits.

### Hidden protection - transition zone
CQC management originally wanted to have a third zone in each pay band above the main band and the proposed ‘target zone’ (see above) which was in effect another form of pay protection. This would have allowed staff in pay protection to drop to a transition point rather than to the band maximum that applied to everyone else. The trade unions believed this was potentially unfair as it was not clear and transparent and would have perpetuated pay inequalities by having some staff paid at a rate that others would never be able to reach. We argued that pay protection should be clear and transparent, and with the tapering approach a better cushioning has been achieved.

### Retention of the homeworking allowance
CQC wanted to discontinue the allowance and consolidate a proportion of it into salaries at the point of assimilation to the new grade. This would have meant the loss in the longer term of an allowance that specifically compensates for the additional cost of using your own home for CQC’s benefit. It would also have been detrimental to staff who would be near the top of the grade or above it. By retaining it we will be able to review it and negotiate on it specifically in relation to those extra costs.

### Business travel allowance
CQC wanted to discontinue the travel allowance by consolidating a proportion of it into salaries for those who currently received it. The trade unions argued strongly that all staff should receive compensation for being expected to make their own car available for business use. We believe that there are other options that should be looked at including car lease options. We got agreement for a wider review and separate negotiations on compensation for essential car users, to be concluded if possible by April 2012.

### Harmonisation at 32½ days leave – but lower rate for new starters
CQC has agreed in principle that all staff should have their leave harmonised upwards to the ex-CSCI and MHAC 32½ days. However, implementation will have to wait until the end of the pay freeze, expected to be September 2012. In order to agree this CQC wanted a lower starting rate of annual leave for new starters which we managed
to improve to 27 days. This would only affect staff recruited after 1 April 2012. Staff from other public sector employers with reckonable service will have that honoured up to a cap of 30 days. (Bank holidays are in addition for all staff).

Redundancy payments

CQC wanted to reduce current redundancy entitlement for ex-CSCI and ex-MHAC staff. In the end CQC agreed not to proceed with these proposals which means all staff can keep their current redundancy entitlements. Ex-HCC staff will be offered the chance to move to CQC terms and conditions in order to benefit from improved redundancy terms (see para 43 of the CQC final offer letter).

Temporary promotions

CQC wanted to continue for the future with a policy of a 10% increase for temporary promotions. The trade unions successfully argued that even if a promotion is only temporary the individual should be entitled to the rate for the job during that period, and should be treated the same as staff already doing the job, or those recruited from outside ie start at the band minimum.

Where we were unable to make progress ...

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<tr>
<td>Pay impact</td>
<td>There are huge disparities in what the three predecessor Commissions paid for similar jobs. The trade unions sought a 'levelling up' approach but because of the wide gaps in pay CQC insisted that such an approach was neither affordable nor achievable within the terms of the pay freeze. This has resulted in a high proportion of staff who would be above their band maximum and therefore subject to pay protection.</td>
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<td>Number of gainers</td>
<td>In a pay and grading exercise like this the trade unions would normally ensure that on assimilation staff would receive some kind of increase. The current pay freeze means we have not been able to negotiate for all staff to move on to their nearest pay point at assimilation. We will now have to seek to negotiate on this as part of the September 2012 pay review. In addition some staff who are below the minimum</td>
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Important briefing for union members only – please encourage your colleagues to join
would not get an increase to take them to their minimum until September 2012 – if the pay guidance/remit permits. The trade unions believe this is very unfair but despite lengthy discussions CQC is adamant that it has exhausted all avenues with the DH and the Treasury in seeking an exemption and cannot get round this.

Overall, the trade unions are therefore concerned that a large majority of staff would see no immediate gain from the pay offer. Many staff currently at the top of their band will have greater ‘headroom’ (greater opportunity for progression increases up to the new band maximum). But the scope for such increases will continue to be limited, at least in the short term, by the government policy of public sector pay restraint.

**Ironing out of pay disparities over time**

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<tr>
<th>Ironing out of pay disparities over time</th>
<th>Staff in pay protection would drop to the top of the new band when protection runs out. Other staff doing the same jobs, or jobs rated equivalent, would assimilate to the bottom of the band. Others would assimilate somewhere between the minimum and the maximum of the new pay band. Where people assimilate would relate entirely to what they were paid previously – not to their length of experience. Because of public sector pay restraint, progression increases and uprating of the salary bands will be limited at least in the short term. This means it would take longer than usual for staff to catch up with colleagues who are at or above the band maximum, and this may continue to cause resentment.</th>
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**Getting agreement for the future on pay progression**

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<tr>
<th>Getting agreement for the future on pay progression</th>
<th>The trade unions were not able to secure a comprehensive agreement on a fair and objective system for progression through the pay bands. We know CQC will still push for an individualised system based on performance markings which they want to start in September 2013. This is a proposal we still need to resist and will need members’ support to win.</th>
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**Backdating of pay increases**

<p>| Backdating of pay increases | CQC is honouring its commitment to backdate pay due to those who have been promoted. However, the rules of the pay freeze do not allow CQC to honour the commitment to backdate pay linked to the ‘field force’ reorganisation unless it was a promotion. Nor can CQC offer to backdate increases for those staff who cannot be moved to their band minimum until the end of the pay freeze, expected September 2012. The trade unions have not been able to gain any movement on this. |</p>
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<tr>
<th>Differentiation in benchmarking with cabinet office pay club data</th>
<th>In coming up with proposals for the new salary bands, CQC benchmarked against other central government employers using pay data supplied by the Cabinet Office. CQC explained that their internal pay policy position was to treat the four lower grades within CQC less favourably than the three higher grades by pitching their salaries lower in comparison to the pay data. CQC did not provide objective justification for this or concrete evidence that there were different recruitment and retention issues. The trade unions did not feel this is justified but it is divisive and sends out unfortunate messages about how different groups of staff are valued. However, CQC was not prepared to budge on this approach. While we could not change their overall position we were able to secure improvements to the exact positioning of the lower bands in relation to the Cabinet Office comparators.</th>
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<tr>
<td>Non consolidated bonuses linked to performance</td>
<td>Each year CQC will usually have a pot of money it can use to pay unconsolidated awards (ie one-off bonuses, not pensionable). Based on feedback from our members, the trade unions are not happy about these being linked to performance ratings. However, the Civil Service pay rules say there must be such a link, so we will have to work within this constraint and seek to negotiate for as fair a distribution as possible. Because of the relatively small sums involved this is easier to live with than performance-related pay progression for substantive salaries (see above).</td>
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Annex 2: Potted history of job evaluation and pay negotiations

2 Job evaluation

2.1 The decision to proceed with the JEGs job evaluation scheme was taken by CQC during a period in late 2009 when CQC was refusing to recognise the trade unions. This was done despite the fact that during the transition to CQC the unions had been very clear that we wanted to see an extension of the job evaluation approach successfully implemented by CSCI, and agreed in principle for use in HCC.

2.2 Following recognition, the unions made extensive efforts to persuade CQC to change their stance – however we believe that in CQC’s mind the decision had already gone too far and that contracts had been agreed with Beamans, a JEGs consultancy company.

2.3 We continue to believe that JEGs was not the right choice for CQC. The scheme does not include factors measuring working conditions, or demand and effort factors – we believe this will disadvantage field force and staff administrative roles. It has an overall weighting of 20% for management, the same weighting as for knowledge, while impact has only a 5% weighting which disadvantages job groups such as assessors and inspectors who carry a high degree of professional accountability but who do not have line management responsibilities.

2.4 Despite the joint trade unions lodging a collective dispute about job evaluation, CQC with Beamans proceeded to carry out evaluations during the latter part of 2010 and into 2011. As it became clear that the JE exercise was advancing and CQC were not willing to reconsider, the unions focused on the methodology CQC was using. We were very concerned that following evaluation of a selection of benchmark roles, other jobs were not having a full evaluation. They were being ‘slotted’ into grades in line with a grading classification scheme. We remain dissatisfied with this approach.

Appeals process

2.5 The formal dispute led to external conciliation and an outcome that allowed us to address some of our concerns – namely an agreed appeals process which allows staff whose job was ‘slotted in,’ and who are not content with their outcome, to request a full JEGs evaluation of their job at the final stage. The process also allows for trade union representatives to sit on appeals panels in equal numbers to management.
2.6 As part of this process CQC also agreed that staff whose jobs were in the benchmark evaluations would be notified of the JEGs score for their job which we believe is important for transparency.

Pay structure

2.7 During the first part of 2011 we had a series of informal consultation meetings about developing a salary structure. CQC told us it was not able to negotiate during this period as it did not have an approved pay remit. This long hiatus ended in late July 2011 when CQC was finally told by the Department of Health that it would not be allowed to defer the pay freeze.

2.8 At this point CQC informed us that it wished to enter formal negotiations linked to partial implementation – that is moving as many staff as possible, within the confines of the pay freeze, on to the new pay structure. This would mean that staff earning more than £21,000 who had not been promoted would not be able to receive any pay increase. Therefore if they were below the proposed minimum they would have to stay there until the pay freeze lifts.

2.9 The trade unions were extremely concerned about the unfairness of this position for these staff, and believed it would have been preferable to defer implementation until the end of the pay freeze. But CQC indicated that if the unions were not prepared to negotiate, CQC would impose a structure without agreement. We therefore agreed to set to one side the issue of a common implementation date to see if we could make progress in negotiating on the shape of the pay structure.

2.10 Detailed negotiations took place between August and December 2011 during which we were able to make significant improvements to management’s original proposals.

2.11 On the issue of partial implementation, we have secured as firm a commitment as CQC is willing to give without breaching the Government’s pay policy. That is that all remaining staff will be moved to the minimum of their grade from 1st September 2012 if allowed for by the new pay remit. The Chancellor announced in his Autumn statement that at the end of their pay freeze, organisations will be able to spend up to 1% of their total paybill on pay increases. CQC calculates that to move the ‘left-behind’ staff to the minimum will cost 0.4% of the paybill.

2.12 On December 21st we reached a point where CQC indicated that negotiations were complete and they would make a “final offer” to trade unions. We then had to deal with errors and issues requiring further clarification in the draft offer letter.
which took until mid-January to be resolved – allowing CQC to issue us with the final offer letter enclosed.

2.13 The trade unions have conducted a legal analysis and equality impact assessment on the offer and pay data provided by CQC. These did not identify any issues of unlawfulness or discrimination to prevent us from balloting members.

2.14 Trade union members are now asked to consider the offer from CQC and take part in their own trade union's consultation/balloting processes.