

Committee(s): Establishment Committee	Date(s): 5th September 2019
Subject: Job Families	Public
Report of: Chrissie Morgan, Director of HR	For Discussion
Report author: Assistant Director of HR, Janet Fortune	

Summary

This report gives the Committee information about the use of Job Families as a means of separating jobs into groups with their own pay scales. It defines job families as a concept and considers the practical implications of moving to a job family system.

Recommendation(s)

Members are asked to:

- Note the report and discuss the issues raised.

Main Report

Definition of Job Families

1. Job families are groupings of jobs with similar characteristics. Usually the groupings are based on common competencies, skills and knowledge, but it can relate to jobs with similar purpose or process. Often job families represent distinct occupational or functional groups.
2. The concept allows organisations to treat occupational or functional groups differently from each other in terms of reward, career paths or development needs. These groups may or may not be linked to departments or groups within departments, i.e.. Surveyors, Legal or Finance - vertical integration – or across the organisation i.e. Professional, Technical or Administrative – horizontal integration. It is also possible to have a generic grading structure and job families in some groups.

Job Families in Reward Systems

3. The principal reason to introduce job families from a purely reward perspective seems to be the need to reflect different market values for different occupational groups. This distinction at City of London is currently reflected in Market Forces Supplements.
4. Job Families are often introduced alongside broad banding as part of a wider change to remuneration structures and progression. ¹Research has shown that organisations believe that such an approach offers both market alignment and pay flexibility. This research concluded however that it leads to less flexibility as different pay rates may impede mobility between higher and lower paying families.
5. The advantage of linking job families to different pay ranges is that it could remove the need for market forces supplements and allow whole occupational groups to have higher (or lower) pay rates. It could also be more attractive for recruitment and retention as it is a permanent pay rate, rather than a supplement which can be withdrawn or reduced, which reflects the market rates for the group.

Job Evaluation and job families

6. Many organisations have looked at job families as a way to reduce what they see as the burden of job evaluation; they want greater speed and flexibility in placing jobs in pay bands. The criteria underpinning job families can be used instead of traditional job evaluation schemes. Roles can be matched against job descriptions and then slotted into the grading system.
7. Another advantage of job families is that it can set out developmental path of an occupational group. The requirements of the roles at different pay levels can be described. It can give more flexibility in moving staff within or between pay bands and some systems have through or soft progression or linked grades.

Practical issues of implementing a job family system

8. The most important issue to be addressed is the number of job families. Some opt for a limited number; Professional, Technical and Administrative for example, and whilst this simplifies the system it makes market comparison more difficult. Temporary allowances could still be agreed within these job families but if applied at City of London would probably not differ from the current system of Market Forces Payments.
9. Other organisations opt for a larger number of job families in order to get greater market precision. In the IES research – referred to earlier – Abbey National had 25 job families with a maximum of 13 evaluation levels.

¹ Institute for Employment Studies Job Families

10. Before embarking on a new job family system, the management of the new system needs to be decided. If the job family is in occupational groups, it is possible that the head of that function or leading professional manages the group. If this role is not established, it is likely that too much of the management would fall on HR to 'police' the system and avoid grade drift.

Issues with Job Families

11. A common difficulty relates to managing pay relativities between job families which may lead to equal pay and gender pay gap issues. Whilst the requirement for objective market data to differentiate differences in pay applies to our current Market Forces Supplement system, the system is largely based single job comparators in different structures. If the comparators were larger groups, the liability is potentially increased. The Job Family approach may fail because it is assumed that matching jobs to the specified grade criteria is sufficient defence against equal pay for equal value, but it is unlikely that this defence would work and therefore presents a higher risk strategy. ACAS guidance is that only a valid job evaluation scheme is likely to be used as defence in an equal pay claim.
12. The Corporation has a wide range of jobs which might be difficult to put into a reasonable number of job families and could create inequality if these families were paid differently. Potentially we might have so many families that the system is more complicated than at present.
13. Linked to this point is that it is not easy to respond to the market, as we know at the Corporation the trend is to increase MFSs, not review them downwards when markets change.
14. One of the benefits of job families is that it can offer greater transparency especially with respect to career paths, however it also has the potential to create career silos and reduce flexibility across the organisation.
15. A further issue with job families relates to pay progression. It may make movement through a grade or broad band easier linking it to performance, competence or skill development, particularly if decisions devolved to line managers – which is widely the case – but it can lead to further inconsistency and further pay drift.
16. One local authority found in a trial that it produced significant grade drift, allowing managers within one department to assign staff to one of three grade levels depending on their skills and experience. The managers opted to place nearly everyone in the highest-grade category. We have a similar experience with contribution pay with resistance to choose between the four categories.

Conclusion

17. The concept of job families can be seen as a quick fix to simplify a job evaluation scheme or pay system. In fact it is a relatively complicated approach that can be useful but is far from simple. Jobs still have to be allocated into bands on the basis of an accurate assessment of what the job requires.
18. The Corporation has a wide range of jobs roles which may affect how many job families are required. The approach also could potentially create silos or what might be regarded as professional boundaries which would reduce flexibility. If for example you are a grade E in the technical stream and thus paid more than a grade E in the administrative and managerial stream it might make it more difficult to swap between the two.
19. Our current strategy is to have more flexibility and simplification around pay, in the short-term job families has the potential to be more complex but perhaps simpler in the longer term. Speed of flexibility is an issue to consider, Chief Officers might think that our current MFS system is slow but at least it does respond to the market change for individual jobs. Under job families we may have to change a whole system and all the jobs within it.
20. Given the fundamental review Members might consider that it is not the time at present to start such a process but may be deferred until the review is complete.

Corporate & Strategic Implications

21. If we were to decide to go down the job families route there are financial and resources costs implications across the organisation.
22. Our reward strategy is linked to our Corporate Priorities 3: People have equal opportunities to enrich their lives and reach their full potential and 8: We have access to the skills and talent we need. As job families can be applied differently there is no research on whether such a system would be more attractive to candidates or would improve career development.

Appendices

None

Janet Fortune

Assistant Director Hr

T: 020 7332 1245

E: janet.fortune@cityoflondon.gov.uk