

Report subject	Pay and Reward final position
Meeting date	4 September 2024
Status	Public Report
Executive summary	<p>Since the creation of BCP Council through the merger of the four preceding councils in April 2019 we have been working with the trade unions to negotiate a new Pay and Reward package which aligns pay and conditions across all colleagues.</p> <p>This report sets out the final steps taken before pay outcomes are released to colleagues and the associated financial impact of finalising arrangements in anticipation of moving towards implementation should a positive ballot outcome be achieved.</p>
Recommendations	<p>It is RECOMMENDED that:</p> <p>(a) Cabinet to agree the final negotiated position and financial costs associated with implementing Pay and Reward as set out in this report.</p> <p>(b) Cabinet delegate to the Chief Executive, in consultation with the Leader of the Council, to make any final adjustments to the scheme and to implement the final arrangements.</p>
Reason for recommendations	To allow the negotiation of a new Pay and Reward package to move forward to implementation, subject to successful collective bargaining with the relevant trade unions.

Portfolio Holder(s):	Councillor Jeff Hanna, Portfolio Holder for Transformation and Resources
Corporate Director	Graham Farrant, Chief Executive
Report Authors	Liz Bowman, Reward Lead Sarah Deane, Director of People and Culture Adam Richens, Director of Finance and Section 151 Officer
Wards	Not applicable
Classification	For Decision

Background

1. We have been working towards a new Pay and Reward offer, restructuring our basic pay and reward arrangements since the four preceding councils were merged to form BCP Council in 2019. There were previously four sets of terms and conditions and four different sets of job evaluation and job descriptions, with three different outcomes for each service.
2. The Pay and Reward project will introduce a single pay structure and consistent conditions to address any inconsistencies and inequalities in pay across the organisation from the merger of the four preceding councils, ensuring that colleagues are fairly and equally compensated for their work. Colleagues doing the same level of work will receive equal pay.
3. A new job evaluation model 'Hay' will be introduced replacing the current Greater London Provincial Council (GLPC) scheme. Alongside this, BCP Council will offer a new set of Terms and Conditions and an enhanced benefits package with the intention of enabling BCP Council to be an attractive employer.
4. A prolonged collective bargaining process with the recognised trade unions, GMB and UNISON has taken place since local government reorganisation and two union ballot processes have taken place with, regrettably, both of them being rejected by our colleagues represented by GMB, whilst UNISON members accepted the offer after a second ballot.
5. Following the split ballot outcome between the two recognised trade unions in March 2024, where Unison voted in favour but GMB voted against, the Council agreed to enter a further period of negotiations which resulted in an enhanced offer being made to try and seek resolutions to the specific concerns arising and the feedback received from both unions. A summary of the offer and benefits can be found in Appendix 1.
6. The enhanced offer includes:
 - The immediate establishment of a salary supplement panel to review any labour market supplements imminently expiring
 - An extension to the pay protection period, so that no salaries will be reduced until June 2026, by which time assumed inflation on the national pay scales, underpinning the proposed pay structure, will reduce the number decreasing
 - An enhancement to the rate of pay for working on a bank holiday
 - An extension to the hours eligible for enhanced rates of pay when working at night
7. The final offer is based on the original pay offer which comprises a pay-banding structure for salaries, with the bottom points for some of the bands being removed each year until we end up, after 3 years, with the banding structure set out in Appendix 2. This has been the basis of consultation with all colleagues and the trade unions.
8. Considerable time has been spent exploring the options for a future pay model that is affordable at implementation, financially sustainable in the longer term, and also meets the requirements of the Equality and Human Rights Commission. The proposed structure that

forms an integral part of the final offer has been reached through detailed and complex iterations and trial adjustments to find the best model to meet these criteria. It has only been this latest version that the trade unions have felt able to proceed to ballot their members on. Any slight adjustments to the proposed model have the potential to create greater changes for individual colleagues and impact more individuals. Therefore, any move away from the proposed structure to a different model at this stage will remove the offer from the agreed position with the unions and is likely to result in industrial action. All other models that have been explored, including the option of fixed spot rates rather than pay bands have been significantly more expensive to implement and sustain and are not affordable within the Council's challenging financial position and have therefore been discounted.

9. On 29 May 2024, GMB advised the Council that, following local ballots, they have a mandate from their members in specific areas, to pursue either strike action or action short of strike if pay outcomes are not released. This mandate remains valid for a period of six months from the date of the outcome.
10. However, the unions have expressed their continued commitment to engage with the Council on the Pay and Reward offer with a view to reaching a collective agreement and GMB has assured us that industrial action will not be pursued if the Council agrees to release pay outcomes to all colleagues. This has been agreed to take place in September 2024.
11. Previously we have not released individual pay outcomes and proposed new salaries as we wanted any ballot to focus on the overall offer, not the result for the individual and this is the practice followed previously in Bournemouth Borough Council and Borough of Poole Council when they undertook similar processes. It is also the process followed by most other councils and recommended by SW Councils, with whom we have been liaising.
12. Based on the establishment as of 17 August 2024, there will be the following individual outcomes: (to the nearest 1%)
 - a. 28% of colleagues who will see an increase in pay upon implementation of Pay and Reward
 - b. 55% of colleagues who will see their salary remain the same
 - c. 18% of colleagues who will see a decrease in pay, but this will be subject to a period of pay protection until June 2026. The actual percentage of colleagues who will see a reduction after June 2026 is 11% due to forecast increases in the nationally negotiated pay scale
 - d. 71% of colleagues will now have the opportunity of incremental progression (headroom) within their pay band.
13. In summary, 83% of colleagues will see their pay either remain the same or increase under this proposal and only 18% will see their pay decrease. This figure is likely to change to 89% of colleagues staying the same and 11% of colleagues decreasing once the period of pay protection ends after June 2026.
14. Both unions have advised that they will undertake a further ballot shortly after the pay outcomes have been released to individual colleagues.
15. We remain committed to working constructively with both GMB and UNISON and we are continuing our discussions through collective bargaining in accordance with our recognition agreement as part of the next steps in the Pay and Reward process.
16. In the meantime, activity is progressing to finalise information to be released to colleagues in September. Services have undertaken a final check of role profile mappings to make sure that the role profile adequately describes the jobs that their teams do.
17. We hope any further ballot will lead to a positive result, but we cannot guarantee a particular outcome, so we are continuing to consider other options alongside the continued negotiations with the unions. We have always said dismissal and reengagement would be the option of the last resort for the Council if negotiations should fail to achieve an agreed outcome, and we still hope to avoid this option through positive and exhaustive negotiation.
18. Our focus and preferred outcome is to reach agreement through the current discussions with the trade unions to get the new terms and conditions and pay structure in place as delivering a

fair and transparent Pay and Reward structure is a key priority for senior management and the Council as a whole.

19. The timeline for implementation will be subject to the outcome of the subsequent ballot process but is likely to be approximately 6 months from the outcome of a successful ballot.

Options Appraisal

20. The Pay and Reward process has been a continual assessment of alternative options, and the risks and costs associated with each option. The Council cannot stay as it is with differential pay and conditions, and the best options have been selected, to achieve a balance between affordability and impact.

Summary of financial implications

21. The proposed Pay and Reward package which harmonises pay across the council is estimated to add an additional £581k to the pay bill of the authority on an ongoing basis after pay protection has ended. This is over and above the £1.060m that has already been included in the Council's approved budget for 2024/25. This represents an overall increase of less than 1% of the total pay bill of the Council.
22. Figure 1 below sets out the proposed Pay and Reward position in further detail including its impact of the approved Medium-Term Financial Plan (MTFP). This emphasises that there will be timing differences regarding the impact on any particular financial year within the MTFP as the council moves through the period of pay protection. Cabinet should note that these figures are estimates, calculated from the individual appointments and salaries of colleagues as they are known on 17 August 2024. The costs are subject to individual career development, resignation, promotions and appointments, which change daily across the Council.
23. The table below sets out incremental changes in the General Fund revenue budget of the council, on an annual basis, either as positive numbers, which represent additional costs compared to the previous year to be met, or negative numbers which represent a forecast reduction from the previous year's cost.

Figure1: Impact of Pay and Reward

Pay & Reward Project - Latest Position as adjusted by unapplied resources from 24/25 which revise the timing of the extra £2.378m					
	2024/25	2025/26	2026/27	2027/28	Total
	Base	Estimate	Estimate	Estimate	Estimate
	£000s	£000s	£000s	£000s	£000s
Annual Incremental Variance	1,060	2,762	(1,636)	(545)	1,641
2024/25 Amount not used carried forward 25/26		(1,060)	1,060		-
Annual Incremental Variance	1,060	1,702	(576)	(545)	1,641
Change between latest and approved MTFP position	-	(750)	3,673	(545)	2,378

Notes

- a. Pay and Reward project was originally proposed as being overall cost neutral and the final costs have come out within 1% of the current pay bill including the cost of improved terms and conditions. The above table does not include additional exposure by the authority to annual

incremental drift. This is on the basis that financial planning assumptions have consistently required services to manage this cost within their base allocation.

- b. Based on filled paid posts. Therefore, no provision is allowed for impact on vacant posts, casual employees, apprentices or any future re-mapping outcomes.
- c. Includes increased Terms and Conditions costs re bank holiday and night work agreed as part of the enhanced offer prior to the second ballot.
- d. A 1% increase in the pay costs of the council are equivalent to £2.2m.
- e. Previously the MTFP included an overall reduction in the pay bill of £737k on an annual basis once pay protection had ended. Therefore, there is a movement of £2.378m from this previous MTFP position when compared to the latest £1.641m ongoing annual cost. This is as a result of the final role profile mapping and revised estimates of market supplements.

24. It is too early in the process to be able to confirm how much of the additional £1.6m will be allocated to each service. This is because the councils normal funding principles mean that General Fund corporate resources would not be provided to cover staff costs funded by.

- Housing Revenue Account
- Fees and Charges (non-government set)
- Third Party Contributions
- Full cost recovery
- Capital
- Government Grants
- Standard 5% Vacancy Factor

25. Services partly funded by the above mechanisms will only receive the corporate resources required to reflect the proportion of their service funded directly from a source other than those above. It should be emphasised that no resources are being set aside to cover any vacant posts.

26. The Director of Finance will be requested to review the allocation of the resources being set aside corporately to each service area.

Summary of legal implications

27. The Council is required to implement a method of job evaluation which complies with the provisions of s131 Equality Act 2010.

28. In delivering a job evaluation study, the Council is required to enter into negotiations and consult with its recognised Trade Unions in accordance with Trade Union and Labour Relations (Consolidation) Act 1992

29. Failure to implement a robust job evaluation methodology exposes the Council to a risk of potential litigation in respect of equal pay and discrimination allegations.

Summary of human resources implications

30. Priority is being given to ensure that our workforce receive the pay outcomes in September and understand next steps.

Summary of sustainability impact

31. This section is not applicable to this report

Summary of public health implications

32. There are no public health implications arising from this report.

Summary of equality implications

33. A full EIA has been completed to date but further assessment will be necessary should the position and Councils offer change as a result of the ballot outcome.

Summary of risk assessment

34. There is a risk that if agreement cannot be reached with the Trade Unions and the collective bargaining process reaches an impasse, or as a result of unions balloting their members a 'no vote' is an outcome, alternative options may be considered to enable the project to move forward and therefore remove the current inequality in pay, terms and conditions. An option may be dismissal and re-engagement of the whole workforce. This is a lengthy and resource intensive process, that will result in an extension to the implementation date.

Delays to the implementation of this project could also result in:

- GMB union invoking mandate for industrial action
- Increased exposure to equal pay risks, having assessed roles and not addressed the pay inequality
- Increased recruitment and retention challenges and the knock-on impacts to service delivery
- Increased levels of dissatisfaction and impact on morale due to continuing inequity of pay
- Additional costs and project resources.
- People Strategy objectives not being met.

Background papers

None

Appendices

Appendix 1 – Poster for the workforce summarising the Pay and Reward Offer

Appendix 2 – Implementation and final year pay structure