

Report subject	Enhancement to Pay and Reward Offer
Meeting date	16 July 2025
Status	Public Report
Executive summary	<p>Since the creation of BCP Council through the local government reorganisation of the four preceding councils in April 2019 we have been negotiating with the trade unions to introduce a new Pay and Reward package which aligns pay and conditions across all colleagues.</p> <p>This report sets out the progress made since Cabinet last considered the results of the November trade union ballot process and outlines next steps.</p>
Recommendations	<p>It is RECOMMENDED that Cabinet recommends that Council:</p> <ul style="list-style-type: none"> a) agree the additional costs associated with enhancing the proposed Pay and Reward offer b) agree the additional savings proposals outlined in Appendix 1 to ensure the cost implications of the proposal remain consistent with the February 2025 endorsed Medium Term Financial Plan. c) agrees the details of the enhanced offer shown in Appendix 4 and 5 that will form the basis of the signed collective agreement with our recognised trade unions. d) approves the recommended implementation date of 1 December 2025 (in accordance with the timeline set out in appendix 7)

Reason for recommendations	<p>BCP Council has sought to reach a collective agreement with its recognised trade unions since February 2023.</p> <p>In November 2024 Cabinet agreed to the commencement of collective consultation under s188 of the Trade Union and Labour Relations (Consolidation) Act 1992 ('TULRCA'), which is a statutory obligation where an employer is proposing to dismiss 20 or more employees. This process did not commence as further exploratory options have been undertaken to try and seek ways that agreement can be reached.</p> <p>An enhanced offer has been proposed, and the trade unions have put this offer to their members which has now been accepted following ballots of both unions. Both unions have agreed to proceed to a collective agreement. This enhanced offer has an additional financial cost to the Council that must be approved before the next steps can be undertaken.</p>
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Wards	Council-wide
Classification	Recommendation

1. 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 went through local government reorganisation to form BCP Council in 2019. There are currently four sets of terms and conditions and four different sets of job evaluation and job descriptions, with three different pay grade ranges for each service (in addition to any other terms and

conditions inherited through previous TUPE processes in proceeding councils or those colleagues TUPE transferred in since its formation). This provides a hugely complex background of pay and reward conditions, which results in significant tension within the council as colleagues will be receiving different rewards for doing the same job.

2. The new Pay and Reward offer 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 and terms and conditions will be consistent across all services.
3. A new job evaluation method 'Hay' will be introduced replacing the current Greater London Provincial Council (GLPC) scheme, which all four preceding councils used. 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 employer of choice.
4. When BCP Council was established over six years ago, a commitment was made to put in place a new pay structure that is fair and transparent for everyone who works for our organisation.
5. Since this programme of work commenced, our guiding principles have been to:
 - simplify and consolidate our pay structure in a way that is fair and equitable to all colleagues,
 - have a pay structure which is competitive in the market and sustainable within the limits of the Council's budget
 - position BCP Council as an employer of choice, enhancing our attractiveness to prospective employees
 - help the Council develop new ways of working to support the needs of our residents.
6. Other authorities (such as Deby City Council, Birmingham City Council, Leicester City Council and Coventry City Council) that have attempted changes on a lesser scale have not been able to reach agreement and have subsequently resorted to a process of dismissal and re-engagement. The implementation of these new arrangements in BCP Council will therefore mark a significant and unprecedented achievement and final milestone in the

formation of BCP Council since local government reorganisation in 2019. The arrangements will enable us to:

- a) Significantly reduce the risk of potential costly equal pay claims that in other councils have led to severe financial issues and significant cuts to services
 - b) Mitigate the risk of industrial action that in other councils have created extensive disruption across communities
 - c) Achieve equity and fairness in pay and terms and conditions for all colleagues
 - d) Remove differences in pay for colleagues in the same or similar role
 - e) Introduce a total reward offer that makes us competitive in the market including new set of benefits – enhancing our attractiveness to prospective employees and enabling us to recruit to some of our hard to fill roles, thereby reducing our ongoing reliance on agency workers and recruitment and retention payments
 - f) Provide greater stability and structure for services around our non-standard working arrangements (e.g. bank holiday and night-time working)
 - g) Remove the ongoing uncertainty that our colleagues have faced to allow us to rebuild colleague morale and employee engagement levels
7. To emphasise, this package will go a long way to protecting the Council from costly equal pay claims that could arise if aligned pay arrangements are not put in place. This is the Council's biggest challenge as there are still colleagues being paid several different rates and receiving different benefits for doing the same job and that can no longer be acceptable. Whilst there is some defence against equal pay claims resulting from TUPE, the case for this has weakened by the length of time that has elapsed since LGR, when TUPE was first applied.

Process

8. A prolonged collective bargaining process with the recognised trade unions, GMB and UNISON has taken place since local government reorganisation. This has resulted in 4 rounds of trade union ballots being undertaken; 3 with UNISON, all of which returned a vote to accept the offer and 4 with GMB, 3 of which rejected the previous offers, but has now resulted in a final vote to accept the offer.

9. In November 2024 Cabinet agreed to the commencement of collective consultation under s188 of the Trade Union and Labour Relations (Consolidation) Act 1992 ('TULRCA'), which is a statutory obligation where an employer is proposing to dismiss 20 or more employees. As the main focus of effort has been to extensively and comprehensively explore ways to reach agreement, this process did not commence.
10. As part of the ongoing process of collective bargaining, both unions have provided feedback on the reasons their members had provided for rejecting the vote and we have listened carefully to this feedback in considering next steps.
11. In January and February 2025, the Chief Executive, Chief Operations Officer and Director of People and Culture in conjunction with the Pay and Reward Team, visited numerous sites and met with groups of staff to hear directly about the concerns arising.
12. Following the collation of this feedback, further options and models have been considered to ascertain what any future enhancements to the proposal could look like and how much further investment would be needed. Paragraph 28 and Appendix 2 provides further information about the recommended option that was taken forward to ballot in June and has now been accepted by both trade unions.
13. An enhanced offer was tentatively discussed with the trade unions with the purpose of seeking a shared view that:
 - it would be well received by their members
 - the offer was enhanced to address the valid concerns being raised
 - this is the best option that could be offered under a negotiated deal
 - it had the potential to be accepted in a further ballot.
14. The ongoing collective bargaining process was helpfully supported by ACAS through their collective conciliation service and a decision reached by all parties to present the offer to colleagues with both GMB and UNISON undertaking a final ballot on the enhanced provisions. The basis of the enhanced offer is set out at Appendix 3.
15. In May 2025, further workplace visits took place to talk to colleagues about the proposed offer and the changes made. It was made clear to colleagues that the offer would be made subject to a vote to accept the offer at ballot but that it was also subject to the approval of the additional costs by Council.
16. Colleagues were advised that if the offer were to be rejected again, it would be unlikely that councillors would approve the additional investment required and that the offer would therefore be unlikely to proceed as now proposed.

17. In June 2025 all colleagues were reissued with an updated illustration of the pay impact to them regarding this enhanced offer.
18. GMB and UNISON balloted their members between 10 and 27 June 2025 with the outcome as follows:

Union	Accept	Reject	Turnout
UNISON	83%	17%	64%
GMB	77%	23%	61%

19. We are delighted to finally have achieved a positive vote from both trade unions to accept the offer and both unions have confirmed they are in agreement to proceed to sign a collective agreement. If the additional investment is approved by Council, a recommended implementation date of 1 December 2025 is proposed. This timeframe would allow sufficient time to undertake the necessary activities required (see appendix 7) ahead of the implementation date including the payroll system changes requirements (the building of a new pay structure and allowances and changes to F&O leave and time off provisions) which is happening alongside the implementation of a new Payroll system. All changes to pay, terms and conditions and colleague benefits would come into effect for all colleagues on that date with a process of appeals running into 2026. Any alternative dates will significantly impact the introduction of our new Payroll solution and would therefore likely mean an extended delay to implementing Pay and Reward.
20. The 2025/2026 annual pay award will apply to all colleagues who currently would be in receipt of the national pay award (backdated to 1 April 2025 once it has been nationally agreed, which in recent years has been around November). The Payroll team will also be managing the backpay of this process in conjunction with new system implementation and Pay and Reward implementation (therefore purposely avoiding December 2025 should the pay award not be agreed until then).

21. Options for implementation

- a. Council can **accept the recommendations** made in this report and realise the benefits outlined in paragraph 6.
- b. **Do nothing.**

Under this option BCP would not implement Pay and Reward and it would live with the consequences of this.

This option carries significant risk of industrial action because, despite communications on offers, no employees will receive an increase in terms.

It also carries a significant risk of equal pay claims on an ongoing basis. Employees will continue to be paid at grades that do not necessarily reflect properly the value of the work that they do and there will be ongoing pay differentials arising from the various grading structures currently operated by BCP. These are a combination of the grading structures of the legacy authorities and the pay structure that BCP implemented for new employees. Their continued use has the effect of creating pay disparities for employees who perform the same, or equally graded, roles.

Whilst TUPE provides some defence against equal pay claims caused by local government reorganisation, it is difficult to maintain that defence for an extended period, which now amounts to over six years

c. Do not agree the additional investment and force through the changes of an earlier offer using dismissal and re-engagement

This would pursue a more affordable yet still equitable pay and grading system but would give rise to a number of risks.

Employment Rights Bill 2024

The first arises from the implications of the Employment Rights Bill 2024, which if implemented as proposed will make the practice of dismissal and re-engagement automatically unfair. Therefore if, following a full consultation process, an employee should refuse to accept the new terms proposed by BCP and be dismissed, they would be able to claim that they have been dismissed unfairly. The characterisation of a “*dismissal and re-engagement*” dismissal as “*automatically unfair*” means that if an employment tribunal should find that this was the reason for the dismissal, there would be no basis on which BCP could claim that it acted reasonably.

A further concern arises from, in most cases of automatically unfair dismissal, there being no requirement for the employee to have any qualifying period of employment. Furthermore, an additional provision in the Employment Rights Bill 2024 removes the requirement for there being any qualifying service for a claim of unfair dismissal.

The scale of the risk is therefore that every employee who is dismissed will have the right to bring an unfair dismissal claim. It is possible that employees should decide, in the face of not having a job, to continue working after being dismissed. However, in such cases employment law principles still allow them to bring claims for unfair dismissal and unlawful deduction from wages.

On the face of it these provisions present BCP with a significant problem in seeking to introduce new terms and conditions of employment, although an exception will be made if BCP is able to show evidence of financial difficulties and demonstrate that the need to make the change in contractual terms could not reasonably be avoided.

It is not yet clear how restrictively employment tribunals might interpret these provisions. Whilst the Government's intention is to treat dismissal and re-engagement as acceptable only "where there is genuinely no alternative", it also maintains that employers will still be able to restructure where needed to remain viable and preserve their workforce.

At present there is no reason to believe that the proposals will be watered down. We have no clear timescale for the implementation of the legislation, but at present it seems unlikely that it will be implemented before 2026.

Industrial action

Seeking to implement new terms in the absence of a collective agreement will bring with it the risk of industrial action, particularly given that union members have voted to accept the enhanced offer and are hopeful of a collective agreement now being reached on those terms. It is evident from the experience of other local authorities that unions are taking action on such matters and there is no particular reason to believe that BCP's recognised unions would take a different stance.

Summary of corporate financial implications

22. The table below illustrates the corporate impact on the General Fund Medium Term Financial Plan (MTFP) of the additional costs that this enhanced offer would now entail. It sets out the position on both an absolute and incremental basis. The annual cost is approximately £6m per annum however this falls to £4.5m per annum on the basis that the salaries of those due to be reduced at the end of the pay protection period are reduced and the saving realised corporately.

Figure 1: Corporate Financial Implications of enhanced Pay and Reward Offer

Absolute Amounts - The actual amounts required in each financial year at a corporate level				
Potential Offer Model V2a - April refresh with proposed pay award 3.2% - Revised hours				
	2025/26	2026/27	2027/28	2028/29
	£000s	£000s	£000s	£000s
Ongoing - Pay & Grading Project Costs - 1 December 2025 implementation 18 months protection				
Increases net of pay protection	1,630	4,889	4,139	3,989
PSIA Release	(100)	(300)	(300)	(300)
Terms and Condition Changes	254	763	763	763
Settlement for 37 hour week - 12 months	74	221	0	0
Additional National Insurance costs	37	112	93	93
Pay & Grading - Sub Total Scheme Costs: Ongoing	1,895	5,685	4,695	4,545
One-Off - Pay & Grading Project Costs				
Implementation Team Costs	711	371	0	0
Pay & Grading - Sub Total Scheme Costs: One-Off	711	371	0	0
Pay & Grading - Total Scheme Costs:	2,606	6,056	4,695	4,545
Less amounts already set aside or assumed in Medium Term Financial Plan (MTFP)				
Ongoing Costs included in February 2025 approved MTFP	(430)	(3,464)	(2,793)	(2,793)
One-off Implementation Team Costs (funded from one-off business rates resources = £2.197m)	(2,176)	(21)	0	0
Pay and Reward Reserve One-off Costs (funded reserve created from 24/25 budgeted amount = £1.060m)	0	(1,060)	0	0
Implementation Cost Reserve (set aside from 2024/25 resources to fund implementation costs)	0	(49)	0	0
Total Amount already included in the Medium Term Financial Plan	(2,606)	(4,594)	(2,793)	(2,793)
Absolute - Total Amounts now required	0	1,462	1,902	1,752
MTFP - Incremental Version - Adjustment now required	0	1,462	440	(150)

23. Following the 2025/26 Budget and Medium-Term Financial Plan signed off in February 2025 Council approved a £2.793m (1.5%) increase in the permanent pay bill of the authority. This was the annual ongoing cost after the period of pay protection

24. The proposals included in this report will increase the overall impact of pay and reward on the permanent pay bill of the authority to £4.545m (2.44% increase on the pay base) which is a further increase of £1.752m as shown in the table above.

25. It is important to re-emphasise some of the risks highlighted in the previous Pay and Reward reports

- a) The above table does not include additional exposure by the authority to annual incremental drift. This is on the basis that the councils financial planning assumptions have consistently required services to manage this cost within their base budget allocation and will continue to do so. However, it should be highlighted that this cost is estimated to have increased significantly due to the additional head room in this enhanced offer. For 1 April 2026, this cost is estimated to now amount to circa £4.0m for 2026/27 which will be over and above the amount shown in Figure1 and can be compared to an annual cost of around £1.5m under the current arrangements. This cost will be subject to issues including turnover and performance. There will then be further similar exposure in future years which this enhanced offer has increased due to the additional headroom on grades. Potential sources of mitigation include national insurance savings delivered from new benefits such as the salary sacrifice additional pension fund voluntary contributions and other salary sacrifice schemes and reduced costs from any current market supplements not required or required to a lower level. Mitigation linked to turnover will though be eroded as some of the lowest spinal column points in grades are removed over a period of time.
- b) Cabinet should note that the figures in the table are estimates, calculated from the individual appointments and salaries of colleagues as they are known as of 21 April 2025. The costs are subject to individual career development, resignation, promotions, and appointments, which change daily across the Council.
- c) The calculations are based on filled paid permanent posts. As the Councils F&O data is not yet mature enough to provide exact certainty on specific data requirements, no provision is allowed for the impact on vacant posts, casual employees, apprentices, agency staff or any future re-mapping outcomes.
- d) It is too early in the process to be able to confirm how much of the additional £4.545m 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 and other grants
- Standard 5% vacancy factor

26. 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 reemphasised that no resources are being set aside to cover any vacant and casual posts. It should also be emphasised that the increases in base salary costs including the additional incremental drift and changes to terms and conditions will challenge the viability of numerous services including those that are full cost recovery and those covered by fees and charges where the fee is based on the level acceptable to the market. It will also reduce the amount of grant funding available for non-salary cost expenditure.

27. As a reminder Cabinet has previously requested the Director of Finance reviews the allocation to each service area of the resources being set aside corporately.

Funding implications

28. To avoid this increase impacting on the corporate Medium-Term Financial Plan (MTFP) position of the authority, as endorsed by Council at its meeting on the 11 February 2025 Council, it is proposed to fund the additional annual ongoing £1.752m by way of the new savings proposals as detailed in Appendix 1.

Options considered for enhancing the offer

29. Appendix 2 shows the multiple options considered when seeking to enhance the offer that had previously been rejected at ballot and the rationale for discounting a number of those. Option 6 of Appendix 2 is the one taken forward to the recent June ballot and accepted by both unions. Further details on the content of the enhanced offer is shown at Appendix 3.

30. Full details of the Pay and Reward offer are shown in Appendix 4 (Pay and Grading) and Appendix 5 (Terms and Conditions and colleague benefits)

Summary of legal implications

31. A summary of the legal implications are set out in Appendix 6 (exempt).

Summary of human resources implications

32. The process of reaching implementation for pay and reward has had a significant impact on our workforce. Much work is needed to raise levels of engagement and support colleagues through the transition period. It is

acknowledged that the situation remains a sensitive and worrying time for some of our colleagues and support and clarity will be provided to those who need it.

Summary of sustainability impact

33. This section is not applicable to this report

Summary of public health implications

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

Summary of equality implications

35. A full EIA has been completed.

Background papers

<https://democracy.bcpccouncil.gov.uk/ieListDocuments.aspx?CId=285&MId=5902&Ve r=4>

Cabinet 10 December 2024: Pay and Reward Update

<https://democracy.bcpccouncil.gov.uk/ieListDocuments.aspx?CId=285&MId=5906&Ve r=4>

Council 11 February 2025: Budget 2025/25 and Medium-Term Financial Plan

<https://democracy.bcpccouncil.gov.uk/ieListDocuments.aspx?CId=284&MId=6294&Ve r=4>

Appendices

Appendix 1 – Savings proposals to fund additional costs associated with enhanced offer

Appendix 2 - Alternative pay options considered

Appendix 3 – Details of the enhanced offer

Appendix 4 – Pay and Grading booklet

Appendix 5 – New terms and conditions and colleague benefits

Appendix 6 – Summary of legal implications (exempt)

Appendix 7 – Pay & Reward implementation timeline