

# Forest Heath District Council

(This report is a key decision. This report has been subject to appropriate notice of publication under the Council's Access to Information Rules)

## Report of the Cabinet Member for Resources, Governance and Performance

**CABINET**

**2 OCTOBER 2012**

**CAB12/033**

### **SINGLE PAY AND REWARD STRATEGY** (Key Decision Reference: OCT12/04)

#### **Summary and reasons for recommendation(s)**

This report informs Members of the process to move to a Single Pay and Reward Strategy across both Forest Heath District Council (FHDC) and St Edmundsbury Borough Council (SEBC) for all staff. This includes the process to renegotiate a collective agreement with Unison to cover all staff across both workplaces other than senior management.

It also informs Members of the salary levels for the new senior management posts which have been evaluated using a national Job Evaluation (JE) scheme developed nationally for senior management roles.

It seeks delegated authority to take the steps required to achieve a collective agreement with Unison, the recognised trade union, on the pay and terms and conditions for posts below senior management level, which will complete the outstanding pay review.

Following this Cabinet meeting, the report will go onto Council on 17 October 2012. This same report will be considered by St Edmundsbury Borough Council's Cabinet on 12 September 2012 and their Council on 27 September 2012. This is because:-

- (a) it was a condition of the shared services programme agreement between both Councils that proposals should be reported back to full Councils, as appropriate; and
- (b) under the Localism Act 2011, the Pay Policy Statement is required to be adopted by full Council on an annual basis. It is therefore, proposed that this key development be reported to each Council.

#### **Recommendation(s)**

**It is recommended that:-**

1. **The Joint Chief Executive be given Delegated Authority, in consultation with the Portfolio Holders for Resources, Governance and Performance, Forest Heath District Council (FHDC) and Performance and Resources, St Edmundsbury Borough Council (SEBC), to enter into negotiations with Unison on the Councils' preferred single payline model outlined in Paragraph 10. of this report, to reach a collective agreement within the agreed criteria**

outlined in Paragraph 7. of this report, and subject to the 7 year projected costs being within the existing combined pay budget;

2. Council be asked to note the progress on moving to a Single Pay and Reward Strategy across the St Edmundsbury Borough Council (SEBC) and Forest Heath District Council (FHDC) partnership; and
3. Any agreed Joint Pay and Reward Policy emanating from the delegations detailed in 1. above, will be reported to each Council for adoption by 31 March 2013, as outlined in Paragraph 12 of this report.

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#### **How will the recommendations help us meet our strategic priorities?**

1. It is a strategic priority to have an efficient and effective Council.

#### **Key issues**

2. At the meetings of both FHDC (19 October 2011) and SEBC (25 October 2011) Councils, it was resolved that authority be given to the Shared Services Steering Group to develop a common payline (Minutes 585 and 59 respectively refer). This was subject to the cumulative cost of any new payline being within the total pay budget and not eroding the planned savings across the partnership. FHDC also resolved that proposals should be reported back to full Councils, as appropriate.

3. The salary levels for posts in the new senior management structure have now been determined. It is intended that these posts are taken out of the collective agreement with Unison and moved to local pay determination. They have been evaluated using the national job evaluation scheme for senior posts and salary levels have been decided taking account of the market level for comparable posts. The salary levels for these posts are as follows:-

Directors	:	£75,000 to £80,000
Heads of Service Level 1	:	£55,000 to £60,000
Heads of Service Level 2	:	£60,000 to £65,000

4. An additional £5,000 will be paid to reflect the additional responsibilities of the Section 151 (Chief Finance) Officer and Monitoring Officer.
5. The pay and terms and conditions for the remaining staff across both workforces are part of a collective agreement with the recognised trade union Unison. The

process of changing terms and conditions must follow a legal process which includes a 90 day period of meaningful two way consultation and negotiation with Unison with a view to reaching a new collective agreement. The outcome of the new collective agreement would be for the revised terms to be incorporated into the contractual terms of all staff.

6. Both SEBC and FHDC and Unison recognise the value of reaching agreement in this way and would like to achieve a collective agreement by the end of the 90 day period.
7. Early engagement is already taking place with local and regional Unison representatives. This has resulted in the following criteria being agreed to guide the development of a new payline and terms and conditions:-
  - (a) single terms and conditions across both workforces;
  - (b) affordable: within the Mid Term Financial Strategy (MTFS);
  - (c) attractive: to recruit and retain;
  - (d) responsible: maintains reputation;
  - (e) legal: satisfies equality requirements;
  - (f) fair: minimises risk of challenge;
  - (g) drives: new organisational values;
  - (h) rewards excellent performance;
  - (i) manages unacceptable performance; and
  - (j) capable of achieving a collective agreement.
8. Any proposals will also be shaped and guided by the joint guidance agreed by the East of England Regional Council as a good practice approach to dealing with change in local authorities. This provides the best chance of reaching a collective agreement.
9. A single payline and a single set of terms and conditions is sought to be achieved across both Councils. This will include renegotiation of local arrangements for other terms including leave, overtime and premium rates, travel and subsistence allowances, standby and call out payments.
10. A preferred single payline model is emerging from the modelling carried out by officers, which appears to meet the agreed criteria. The main features of this model are as follows:-
  - (a) a pay structure which is different to those currently in place at each Council;
  - (b) uses the national pay spine;
  - (c) compression at the top and bottom of the payline, close to the national living wage at the bottom;
  - (d) cost neutral modelled on 8% staff turnover and 33% performance based progression;
  - (e) pay protection reduced from 3 years to 1 year;
  - (f) 9 grades mainly with 6 progression steps and consistent job evaluation points;
  - (g) no overlap of grades but one shared point which meets equal pay guidance;
  - (h) benchmarked against the median market pay in the East of England Public Sector; and
  - (i) removes the need for market supplements.

11. As a period of negotiation is moved into with Unison it will be helpful to establish some delegations to finalise any collective agreement. The proposed delegations are detailed in Section 2 of this report.
12. Section 38/11 of the Localism Act 2011 requires local authorities to produce an annual Pay Policy Statement (PPS). The final Joint Pay and Reward Policy agreed under these delegations will be reported to each Council to form the PPS for adoption by 31 March 2013.

### **Other options considered**

13. Various payline models have been tested but the emerging model provides the best fit against the agreed criteria.
14. A 'do nothing' option is not a consideration as a new single cost-neutral and fit for purpose pay structure for the shared organisation, that protects the financial costs and savings moving forward, whilst providing sound and effective processes for managing pay linked to performance.

### **Community impact**

#### Crime and Disorder Impact (including Section 17 of the Crime and Disorder Act 1998)

15. None.

#### Diversity and Equality Impact

16. Equality data for the existing workforce has already been shared with Unison. A detailed Equality Impact Assessment will be prepared. A initial high level check has not disclosed any significant equalities issues

#### Sustainability Impact

17. None.

### **What consultation has been undertaken and what were the outcomes?**

18. There has been some initial engagement with Unison. It is proposed that full consultation and negotiation is now undertaken.

### **Financial and resource implications**

19. The process for developing a Single Pay and Reward Strategy has been undertaken within existing budgets.

## Risk management implications

20. Risk Assessment			
Risk area	Inherent level of Risk (before controls)	Controls	Residual Risk (after controls)
	High/Medium/Low		High/Medium/Low
Achieving a collective agreement with Unison	High	Clarity with Unison on the timeframe and keeping to it Sharing information with Unison Frequent opportunities to meet and consult	Medium
Manage the costs of the change within the agreed budget provision	Medium	Detailed modelling and costing as the model is developed	Low
Legal compliance	Medium	Planning the change timetable to accommodate all the required periods of consultation Using current experience and taking expert advice as necessary Carrying out a full Equality Impact Assessment	Low
Staff morale is adversely affected by the change programme and turnover increased to an unacceptable level	High	Comprehensive staff engagement and communications plan Concluding payline change as quickly as possible	High

## Legal/Policy implications

21. The process to be followed will meet legal requirements which will include a 90 day consultation period.

## Wards affected

22. All.

**Documents attached**

None

**Background papers**

None