

# 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**

**9 APRIL 2013**

**CAB13/081**

### **SINGLE PAY AND REWARD STRATEGY** (Key Decision Reference: FEB13/04)

#### **1. Summary and Reasons for Recommendations**

- 1.1 This report updates Members on the progress to move to a Single Pay and Reward Strategy across both Forest Heath District Council (FHDC) and St Edmundsbury Borough Council (SEBC). A period of negotiation with Unison, followed by a ballot to adopt a new collective agreement with Unison, to cover all staff across both workplaces other than senior management, has taken place.
- 1.2 The two Councils are now in a position to agree the new Single Pay and Reward package with Unison for adoption by collective agreement from 1 June 2013.
- 1.3 This report seeks delegated authority to formally enter into a new 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.
- 1.4 The rates of pay of senior management (the Chief Executive, Directors and Heads of Service) are determined by local agreement with that group. However all other aspects of the remuneration and benefits of the senior management team are covered within this new collective agreement.
- 1.5 The attached collective agreement details the new pay and reward strategy which has been developed and agreed in accordance with the criteria set by members in the cabinet paper CAB12/033 (2 October 2012). In particular, the 7 year projected costs are cost neutral, in that they are within 0.13% of the existing pay budget for that period.
- 1.6 This report will be considered by FHDC full Council on 8 May 2013. A similar report will be presented to SEBC's Cabinet on 15 May 2013 and its full Council on 16 May 2013. 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.

## **2. Recommendation(s)**

- 2.1 It is **RECOMMENDED** that the Joint Chief Executive be given delegated authority, in consultation with the Portfolio Holders for Performance and Resources (SEBC) and Resources, Governance and Performance (FHDC) to sign and adopt the attached collective agreement with Unison, that details the Councils' new Single Pay and Reward strategy.

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

- 3.1 The recommendations meet the following, as contained within the Corporate Plans:-

(a) FHDC Strategic Priority : *Efficient and effective Council*

## **4. Key issues**

- 4.1 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.
- 4.2 The pay and terms and conditions for the 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 is that the revised terms are to be incorporated into the contractual terms of all staff.
- 4.3 Both FHDC and SEBC and Unison recognise the value of reaching agreement in this way and are pleased to have reached agreement collectively on the proposed single pay and reward strategy
- 4.4 The following criteria were 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.

4.4.1 The collective agreement has also been 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.

4.5 A single payline and a single set of terms and conditions is now ready for approval by both Councils. This includes renegotiation of local arrangements for other terms including leave, overtime and premium rates, and pay protection.

4.6 The new single payline model meets 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, with the national living wage for contracted staff 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) little 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) reduces the need for market supplements.

4.7 The Councils and Unison are now in a position to adopt the Single Pay and reward Strategy and associated new payline, subject to approval by full Councils.

4.8 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 at the same time as the Single Pay and reward Strategy is approved in May 2013.

## **5. Other options considered**

5.1 Various payline models have been tested but the final model provides the best fit against the agreed criteria.

5.2 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.

**6. Community impact**

**6.1 Crime and disorder impact** *(including Section 17 of the Crime and Disorder Act 1998)*

6.1.1 None.

**6.2 Diversity and equality impact** *(including the findings of the Equality Impact Assessment)*

6.2.1 Equality data for the existing workforce has already been shared with Unison. Detailed Equality Impact Assessment have been prepared and shared with Unison who are satisfied that the new Collective Agreement will not raise any equalities issues.  
Further, the shared payline removes any perceived unfairness that could exist where two separate workforces are working alongside each other.

**6.3 Sustainability impact** *(including completing a Sustainability Impact Assessment)*

6.3.1 None.

**6.4 Other impact** *(any other impacts affecting this report)*

6.4.1 None.

**7. Consultation** *(what consultation has been undertaken, and what were the outcomes?)*

7.1 Full and meaningful consultation and negotiation has taken place with local, regional and national Unison. This includes the statutory 90 days collective consultation, followed by a Unison ballot of members that resulted in an overwhelming positive vote to accept the proposals.

**8. Financial and resource implications** *(including asset management implications)*

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

**9. Risk/opportunity assessment** *(potential hazards or opportunities affecting corporate, service or project objectives)*

9.1 Paper CAB12/033 to Cabinet noted the following risks:

<b>Risk area</b>	<b>Inherent level of Risk</b> (before controls)	<b>Controls</b>	<b>Residual Risk</b> (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

## **10. Legal and policy implications**

10.1 The Single Pay and Reward Strategy detailed in the attached collective agreement meets all legal requirements.

## **11. Ward(s) affected**

11.1 All.

## **12. Background papers**

12.1 None.

## **13. Documents attached**

13.1 Appendix – Proposed Collective Agreement (Circulated with Cabinet agenda for 9 April 2013)