

February 2021

Trade Union Consultation

Modernising Reward Project (MRP) – Pay Review Phase 2

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1. INTRODUCTION

1.1 This report sets out the council’s formal proposals for Phase 2 of the Pay Review to meet the requirements of the HR Framework Collective Bargaining Agreement 2019–2023. The Agreement, signed in 2019, commits all parties to review allowances in order to:

- Modernise work practices
- Streamline costs
- Offset the increased investment into the pay line in year one of the transition period (at the request of the trade unions), in order to maintain the same overall investment envelope.
- Align to best practice
- Promote equality.

1.2 Since the signing of the Agreement in 2019, working for the council has changed far more than we could have imagined. The way people have changed how they work and the increased use of technology has significantly impacted all our lives. As we progress through recovery, refresh and reform following the pandemic, the council will embed the best of the revised working arrangements and drive the use of digital solutions to maximise the effectiveness of service delivery. Meeting the needs and changed expectations of the organisation, our workforce and our residents. This reinforces the need to modernise our reward package, ensure it is relevant, sustainable and fit for purpose.

2. PAY REVIEW – PHASE 1

2.1 The Pay Review commenced in 2018 with the intention of modernising and simplifying the previous pay arrangements which had been in place since 2006. The main focus of the review was to remove overlaps between bands, support the improvement of the gender pay gap and establish robust job evaluation. These ambitions were all underpinned by a commitment to no reduction in base pay.

2.2 The outcome of Phase 1 was the new pay structure implemented in April 2019. This saw the council invest nearly £5million into pay which, at the request of the Trade Unions, included an extra £800,000 to exceed the principle of no

reduction in base pay and instead achieve a position of no detriment. As a result over 68% of staff saw increases above what they would have received under the old scheme.

- 2.3 In addition the new pay structure includes additional headroom, so providing staff with both higher starting salaries and the potential to earn significantly more than they could under the old scheme. This puts the council in the position of being able to attract, reward and retain staff more effectively and start to reduce the requirement for market premia payments.
- 2.4 Since implementation the new pay structure has also demonstrated added value by reducing the gender pay gap; improving fairness and transparency.
- 2.5 The ambitions of Phase 1 of the Pay Review were all achieved successfully and, in the main, saw excellent collaborative working between the Trade Unions and the council with the mutual aim of ensuring all staff are appropriately rewarded.
- 2.6 The outcome being the signed HR Framework Collective Agreement and a commitment to Phase 2 and the review of allowances to repay the £800,000 additional investment brought forward to year 1.

3. PAY REVIEW - PHASE 2

- 3.1 To support the revised pay structure, and in recognition of the sustainable changes in working practices brought about through our response to the COVID-19 pandemic, the council is committed to modernising the allowances and benefits paid to staff to improve fairness and flexibility whilst supporting service delivery and maintaining our competitiveness.
- 3.2 This phase of the project provides a comprehensive opportunity, whilst pay is still increasing through the implementation of the new pay scales, to amend allowances that are outdated, impact significantly on budgets and the council's ability to deliver services in the most flexible and effective way. The principle of no reduction in base pay will continue to apply as far as possible by mitigating the impact of any changes to allowances with the additional pay applied at implementation and through headroom.

4. ALLOWANCES

- 4.1 To commence Phase 2 a comprehensive benchmarking exercise was conducted against a group of local authorities and public sector organisations with a similar demographic to Thurrock Council. These included Police service, Fire and Rescue service, Education and NHS. All benchmarking took place from late-2019 to mid-2020. It was evident many councils and public sector organisations had already removed or amended many of the allowances paid by the Council.
- 4.2 From the benchmarking an initial set of allowances were identified that could support the delivery of the £800,000 without detrimentally impacting on the overall reward package of the council.

4.3 The following allowances were presented to the Trade Unions for informal discussion and consideration in October 2020:

- Bank Holiday pay – reduce maximum payment from triple time to double time
- Standby – reduce the rates
- Overtime – amend overtime rates and eligibility with a cap on overtime earnings
- Shift Allowances – remove/reduce rates
- Business User Allowance – remove BUA payment

4.4 Informal discussions were conducted with the Trade Unions to ensure total openness and transparency about the proposals being considered. The council was sharing initial thinking with the Trade Unions at this stage to ensure they could work with us to shape the proposals in advance of formal proposals being presented for consultation.

4.5 Simultaneously the council conducted a full assessment to consider the potential impact of the changes on service delivery and a detailed analysis of the proposals for each member of staff.

5. FORMAL PROPOSALS

5.1 Having considered feedback from services and the Trades Unions and assessed the individual impact analysis we have amended some of the initial proposals; in line with the principles of the review we have also proposed some further changes. The proposals presented for formal consultation are contained within the table below and detailed in appendix 1.

Allowance	Informal Proposal - October	Formal Proposal – February
Business User Allowance (BUA)	Remove	Remove and increase mileage allowance to 45p (HMRC top rate)
Bank Holiday Pay	Reduce maximum payment of triple time or equivalent to double time or equivalent	Reduce maximum payment of triple time or equivalent to double time or equivalent
Overtime (OT)	<ul style="list-style-type: none"> • Reduce rate from time & half to flat rate for OT worked outside of normal working hours (8am – 8pm) Monday to Friday • Cap OT at grade F • Cap OT to £500 per month • Remove 15% premium for bank/casual staff working outside normal hours 	<ul style="list-style-type: none"> • No change to rates • Cap OT at grade G • No cap on OT earnings • Remove 15% premium for bank/casual staff working outside normal hours
Standby Payments	Reduce payments	Defer review of Standby payments to 2022/23

Shift Allowances	<ul style="list-style-type: none"> Remove Planned Fixed rota payment – 10% reduction Reduce Variable rota to 5% - 10% reduction Reduce Rotating Shift to 10% - 10% reduction Reduce night shift to 20% - 15% reduction 	<ul style="list-style-type: none"> Reduce Planned Fixed rota to 5% Reduce Variable rota to 5% Reduce Rotating shift to 10% Reduce night shift to 20%
Casual Registrars Weekend payment		Remove
Outstanding Performance payment		Reintroduce for bands up to and including grade G
£250 salary increase for all staff on pay points up to and including point 17 (top of Grade C) as at 1 April 2021		Increase lowest paid staff salaries subject to Council approval on 24/2/21 and to reaching agreement on Phase 2
Waste Service Local Agreement	<p><i>Existing Agreement</i></p> <ul style="list-style-type: none"> Start time at 06:00 or 07:00 unless adjustments agreed with Trade Unions. Mandatory working on eight Bank Holidays or Saturdays. Bank Holidays paid in accordance with corporate policy. Guaranteed catch up hours – 60 hours. 	<ul style="list-style-type: none"> Start time confirmed as 06:00am unless exceptional arrangements agreed with Trade Unions. Mandatory working on all bank holidays, statutory days or alternatively Saturdays as determined by the service. Bank Holidays paid in line with corporate policy (see corporate proposal). Guaranteed catch up hours to be reduced to 30 hours. Should additional hours be required, these will be agreed with Trade Unions. Staff will continue to be paid in line with the modified task and finish so, if all work streams clear the work for the day then the full 2 hours or 1 hour will be paid irrespective of the actual

	<ul style="list-style-type: none"> • Where catch-up is not required for operational matters the catch-up hours will require attendance at training courses, toolbox talks and communication workshops. • Crews of a waste stream can be released once their work for that stream is complete. • Vehicle inspections paid as overtime at time and a half rate. 	<p>finish time with the intention that the full overtime is worked. Where catch-up is not required for operational matters, the catch-up hours will require mandatory attendance at training courses, toolbox talks and communication workshops. No hours shall be paid if not worked.</p> <ul style="list-style-type: none"> • Cross stream working will apply at all times although modified task and finish will continue. Crews can only leave when the FULL service have completed their collections otherwise they need to assist whatever work stream requires help. • Vehicle inspections to be undertaken within working hours and not paid at as overtime as time and a half rate. Vehicle inspections to include upkeep and safety of the vehicle both inside and out.
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6. ASSESSMENT OF IMPACT / EQIA

- 6.1 The review analysed a years' worth of data provided from the Oracle payroll system from 1st August 2019 to 31st July 2020. This provided information on how many employees claimed the allowances subject to proposals and the value of those claims. This obviously is subject to change due to employees moving roles and starters/leavers since 1st August 2020 to date.
- 6.2 The overall analysis identified the value of the initial pay increase in April 2019 and those staff benefitting from increases in excess of what would have applied under the old pay structure. This we classified as Phase 1 immediate benefit. Additionally we have factored in the increased headroom that will be achieved once the transition is complete; together with the immediate benefit this provides an overall picture of the increased pay levels from Phase 1. Both the immediate benefit and the headroom figures increased above the original pay structure agreed with Trade Unions once the additional £800,000 investment requested was applied.

- 68% of staff benefitted from pay increases in April 2019 above what they would have received under the old pay scheme.
- 91% of staff are benefitting from increased potential salaries through extra headroom.
- Additional headroom will see staff earning up to £4,600.00 more than under the old pay scheme.

6.3 In relation to Phase 2 the analysis shows that 974 staff claimed the allowances impacted by the proposals. From those there are only 80 staff who will see an impact once the full benefit from Phase 1 is factored in. If the £250 salary increase is agreed and implemented this number drops to 65 employees. Over 97% of the workforce will be better off from the Pay Review. Compensation/mitigation for those impacted is proposed later in this report and again will form part of the consultation.

6.4 We do not anticipate this proposed change is likely to have an adverse impact on grounds of race, disability, age, religion or belief or sexual orientation. We do recognise the impact this will have on lower paid members of staff which are predominantly female. Financial mitigation options can be used to minimise this impact.

6.5 We recognise the importance of giving due regard for equality when implementing change. We anticipate this change will impact on individuals in different ways dependant on their job role and the allowances that are paid. The most significant financial impact is on staff in receipt of all allowances currently proposed to change and those in receipt of 35% night shift working allowance (which is proposed to reduce to 20%).

6.6 A full breakdown of the analysis of impact by Directorate and grade can be found at appendix 2.

7. PROPOSALS

7.1 Detail of each proposal for formal consultation is outlined in appendix 1. We recognise that the cumulative impact of all proposals as they stand may represent costs reductions of more than the £800,000 invested in year 1 – this provides some flexibility to meet the additional costs of mileage, the reintroduction of the Outstanding Performance policy and the £250 for lower grade staff and any phasing and mitigation costs. Ultimately the project looks to ensure our allowances offer is modern and reflective of what the business needs and the proposals have been driven by that principle alongside financial considerations.

8. TIMETABLE

8.1 The Council are committed to ensuring full and comprehensive formal consultation is undertaken on the proposals with Trade Unions and the workforce. We recognise the value in this process to help inform decision making. Whilst the timetable for proposed changes is not firmly set, changes are required in the 2021-22 financial year to ensuring the required repayment is met. The deadline to incorporate the £250 into April's pay is 8 April,

however agreement can still be reached after this date and the increase can be backdated.

9. MITIGATION

- 9.1 We recognise that some lower paid employees will be impacted and to mitigate that we are proposing to implement the Chancellors proposals of increasing salaries by £250 up to the top of Band C, subject to reaching agreement on Phase 2. This will cost the Council £300,000 on the pay bill.
- 9.2 In mitigation for the removal of BUA it has been agreed to increase the mileage rate from 40p per mile to 45p.
- 9.3 We also propose to re-introduce payments for outstanding performance for staff Grades A-G to ensure we have a mechanism to reward excellence.
- 9.4 Compensation options can be considered to transition the affected staff through the changes to allowances and minimise any financial impact.
- 9.5 We will also consider phasing of implementation as an option to minimise the impact.

10. COMMUNICATION PLAN

- 10.1 It is recognised that staff will continue to be significantly affected by the review and it is critical staff are aware of facts. Focused work will centre on an engaging communication plan where staff will be clear about how they are affected and why the changes are needed. This report will be shared with staff to ensure transparency and availability of full information.
- 10.2 Regular updates will also be shared with all staff.
- 10.3 All staff who have claimed any of the allowances will receive an individual letter detailing the changes proposed and how they impact them.
- 10.4 We will be answering specific queries with employees who will be provided with an HR e-mail address to direct their individual queries. We will be posting regular frequently asked questions on the Thurrock intranet to keep all employees updated. Other methods of communication will be put in place for specific groups where needed.

FORMAL PROPOSALS

Removal of Business User Allowance

There are three levels of the Business User Allowance of £300, £600 and £1,149 per annum. Both male and female employees receive the different rates and female employees account for approximately 76% of the total recipients. Based on the total workforce this allowance is paid to 25% of the female workforce and 18% of the male workforce.

We are proposing to remove this benefit as our benchmarking indicated it has been removed at a number of other Local Authorities and it is an outdated benefit particularly in regard to our agile working practices. During the period of analysis there were 601 employees receiving BUA. The full details of those affected at each grade is shown below.

Grade	Number of staff
B	61
C	17
D	104
E	178
F	139
G	62
H	22
I	8
Spot Salary	1
SOULC.SOULC	6
Teachers - Leadership Fringe	1
Youth Service	2
Grand Total	601

Considering the increased headroom and the initial positive impact in phase 1 only 31 employees will see an overall impact from the removal of BUA.

The removal of BUA will provide a net reduction of around £400,000.

Following on from the informal discussions with Trade Unions we have taken on board the suggestion to increase the mileage rate from 40p per mile to 45p per mile. This will have a financial impact of at least £50,000 for the Council, assuming all BUA users meet the minimum criteria.

Bank Holiday Payments

Currently if an employees working pattern falls on a bank holiday they are paid:

- Double time plus time off in lieu or, if the needs of the service require Triple time.

- If an employee volunteers to work on a bank holiday they are paid: time and a half. (Additional Hours & Irregular Working Policy)

Both male and female employees receive these rates and male employees account for approximately 97% of the total recipients of these rates.

We are proposing to remove triple time and double time plus TOIL payment and to pay double time or plain time and TOIL only for bank holiday working.

This will affect 89 employees, the table below shows the breakdown of how many employees will be affected per Grade.

Grade	Number of staff
B	53
D	33
E	3
Grand Total	89

Considering the increased headroom and the initial positive impact in phase 1 only 30 employees will see an impact from the proposed amendment to this allowance. However all of these 30 employees will receive an extra £250 this year.

This will give the Council an approximate cost saving of £30,000.

Shift Payments

There are a range of different shift payments ranging from 10% to 35% of basic pay. The amount paid is pro rata to hours worked. It should be noted that there are male and female employees in receipt of these payments so the determination of whether this payment applies is more likely to be based on the requirements of the job and not gender. It should, however, be clear why a different percentage applies and that all jobs with similar working arrangements receive a comparable percentage payment.

Both male and female employees receive the different rates and female employees account for approximately 73% of the total recipients. Based on the total workforce this allowance is paid to 15% of the female workforce and 13% of the male workforce.

We are proposing to reduce the payments made to employees as follows:

- Planned Rota – 5% (5% reduction)
- Variable Rota – 5% (10% reduction)
- Rotating Shift – 10% (10% reduction)
- Night Rota – 20% (15% reduction)

As part of the analysis, you can see below the number of employees that will be affected and the proposed impact.

Night Rota 35% - amend to 20%

Grade	Number of staff
B	11
D	6
F	5
G	1
Grand Total	23

Reduction of Night rota rate from 35% to 20% will reduce costs by around £70,000. Considering the increased headroom and the initial positive impact in phase 1 only 7 employees will see an impact.

Rotating Shift 20% - amend to 10%

Grade	Number of staff
B	8
C	9
D	12
E	15
H	1
Grand Total	45

Reduction of Rotating shift rate from 20% to 10% will reduce costs by around £100,000.

Considering the increased headroom and the initial positive impact in phase 1 only 8 employees will see an impact.

Variable Rota 15% - amend to 5%

Grade	Number of staff
A	9
B	11
C	1
D	2
E	2
F	12
G	4
I	1
Spot salary	1
Grand Total	43

Reduction of Variable rota rate from 15% to 5% will reduce costs by around £100,000.

Considering the increased headroom and the initial positive impact in phase 1 only 8 employees will see an impact.

Planned Rota 10% - amend to 5%

Grade	Number of staff
A	9
B	130
C	50
D	41
E	17
F	13
G	3
JE Band.Band 4	1
Spot salary	12
Grand Total	276

Reduction of Planned rota rate from 10% to 5% will reduce costs by around £225,000.

Considering the increased headroom and the initial positive impact in phase 1 only 4 employees will see an impact.

The approximate total cost reduction through shift allowances is £500,000.

Overtime

The proposals are to cap overtime to only be claimed at grades A-G.

Our analysis shows that over the period 14 employees over grade G claimed overtime. Overtime is not guaranteed and will fluctuate by service demand and therefore this is just an average of the overtime claimed over the time period. You can see below the numbers affected by each grade.

Grade	Number of staff
H	13
I	1
Grand Total	14

The capping of Overtime for grades H and I will reduce costs by around £20,000.

Considering the increased headroom and the initial positive impact in phase 1 only 9 employees will see an impact.

Bank/Casual Workers Premium Payment

Currently Bank workers are paid a premium of 15% for any work undertaken outside normal working hours (i.e. outside 08.00 to 20.00 Monday to Friday). The proposal is to completely remove the 15% premium for bank/casual workers.

Grade	Number of staff
A	3
B	56
C	7
D	9
E	2
Spot salary	1
Grand Total	78

The removal of bank staff premium will reduce costs by around £20,000.

Casual Registrars Weekend Payment

Currently registrars receive a £20 payment when they work weekends. We are proposing to remove this payment. Looking at the data this will affect six employees, however with the increased headroom under phase 1 of the project this will not have an impact for any of those individuals. You can see below the impact by Grade.

Grade	Number of staff
A	1
B	2
D	3
Grand Total	6

This would reduce costs by around £2,000.

Other allowances

Interview Expenses

We are proposing to withdraw interview expenses for potential employees that are looking to apply for work within the Council.

Accelerated Increments

We are proposing the formal removal of policy to pay accelerated increments to employees within the Council. This will ensure that we can apply equal pay across all posts and eliminate any equal pay claims.

ANALYSIS OF OVERALL IMPACT ACROSS THE COUNCIL

The number of employees who will be impacted in terms of the removal or reduction of an allowances as part of Phase 2 across the council is 974. Employees affected by the proposed changes after factoring in the benefits of phase 1, including headroom, is 80 and after the £250 is applied is 65. The table below shows the impact per Directorate and Grade.

Directorate	Grade	Not affected by phase 2	Affected by phase 2	Affected by phase 1 & 2	Affected by phase 1 & 2 plus £250
Adults Housing and Health	A	3	10	0	0
	B	127	171	8	3
	C	52	65	0	0
	D	65	64	0	0
	E	54	114	4	4
	F	31	54	0	0
	G	24	23	0	0
	H	9	9	5	5
	I	7	4	0	0
	Spot salary	22	0	0	0
Total	394	514	17	12	
Chief Executive Office	C	4	0	0	0
	D	1	0	0	0
	E	4	0	0	0
	G	1	0	0	0
	H	1	0	0	0
	Total	11	0	0	0
Childrens Services	A	29	0	0	0
	B	107	2	1	1
	C	109	1	0	0
	D	39	43	0	0
	E	39	51	0	0
	F	27	62	3	3
	G	28	27	1	1
	H	6	3	2	2
	I	5	1	0	0
	LSC.LSC	2	0	0	0
	SOUL	21	0	0	0
	Teachers - Leadership Fringe	1	0	0	0
	TLW	76	0	0	0
	Youth Service	2	0	0	0
	Spot salary	1	0	0	0

	Total	492	190	7	7
Environment Highways and Counter-Fraud	B	82	56	30	22
	C	5	1	0	0
	D	50	44	0	0
	E	21	19	0	0
	F	13	18	0	0
	G	7	8	4	4
	H	3	0	0	0
	I	4	3	1	1
	Total	185	149	35	27
Finance Governance and Property	B	28	8	7	6
	C	31	0	0	0
	D	29	5	0	0
	E	30	4	0	0
	F	20	1	0	0
	G	33	3	0	0
	H	9	8	4	4
	I	8	0	0	0
	Total	188	29	11	10
HR OD and Transformation	B	14	0	0	0
	D	19	0	0	0
	E	20	0	0	0
	F	12	0	0	0
	G	15	1	0	0
	H	4	1	1	1
	I	4	0	0	0
	Total	88	2	1	1
Place	A	1	8	1	0
	B	14	6	0	0
	C	13	0	0	0
	D	11	7	0	0
	E	9	18	0	0
	F	20	18	0	0
	G	13	6	0	0
	H	4	9	7	7
	I	7	1	0	0
	TLW	12	0	0	0
	Spot salary	1	0	0	0
Total	105	73	8	7	
Strategy Communications and Customer Services	A	1	0	0	0
	B	13	0	0	0
	C	25	0	0	0
	D	12	14	0	0
	E	8	1	0	0

	F	11	1	0	0
	G	4	0	0	0
	H	6	1	1	1
	I	2	0	0	0
	Total	82	17	1	1
Grand Total		1545	974	80	65

Since the 1st August 2020 we have had 127 starters, the table below shows the directorates these staff are working within. We anticipate that some of these employees may be affected by the proposed changes.

Directorate	Number of staff
Adults Housing and Health	54
Chief Executive Office	2
Childrens Services	34
Environment Highways and Counter-Fraud	14
Finance Governance and Property	2
HR OD and Transformation	6
Place	8
Strategy Communications and Customer Services	7
Grand Total	127