

# MODEye Pay Special



## Pay Betrayal!

Prospect and the other Trade Unions involved in pay bargaining with the Department and, by association, their members and all staff covered by those collective bargaining arrangements, have been grossly betrayed.

### FORMAL POSITION

In the 2018 formal pay offer letter to Prospect and the other Non-Industrial Trade Unions (NITUs) it was clearly promised that the Department, in looking to reform pay and have a more simplified reward process that is fairer, transparent and more business focussed, “will work with you and your industrial trade union (ITU) colleagues on these proposals to develop a robust business case that can be made to the Treasury”. That promise was never kept. Prospect and the other TUs did actually engage in workshops at the commencement of the reward review, where all five expressed their views on what they would prefer to see in a business case, and what they wouldn't or couldn't support. Each in turn made it explicitly clear that they could not agree, as a matter of principle, to the trading of long held and hard won terms and conditions for a pay increase. That was the sole input from the TUs. Engagement on the review then ceased. Despite continuously asking for the commitment to work together on the business case to be honoured, we were excluded from its development and, to date, have never seen it, even though the content of it has been

used by the MoD pay team to justify their proposals.

Our exclusion is even more galling when the governments' pay remit guidance actually encourages Departments to engage with their TUs on both annual pay remits and the development of pay flexibility business cases. The Department has failed this year on both counts.

### PERIODIC BRIEFINGS

Members will have followed Prospect's in year pay briefings responding to the Permanent Secretary's pay updates and, in particular, when we challenged the meaning of cost neutral overall in relation to the proposal contained in the 'secret' business case looking for greater pay flexibility from August 2019, but also when we clarified that the business case had not been shared with Prospect or the other TUs. We made it abundantly clear in that briefing which we shared with the MOD's Pay Team: “Prospect's position is simple: After ten years of pay restraint, the imposition of a pensions tax and previous attacks on T&Cs, members should not be asked to fund pay increases by diminishing their terms and conditions.”

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### DEPARTMENTALLY DRIVEN

We now know, since the publication of the remit guidance, that the selling of terms and conditions was not a pre-requisite to go above the 2% guide figure. This has been proven by a number of Departments obtaining Treasury agreement to breach the 2% pay remit figure without selling terms and conditions to do so. The decision to proceed with a business case, predicated on reductions to terms and conditions was clearly the Department's. Unlike the last 10 years of pay restraint where pay policy was driven by central government and anger was aimed in that direction, this proposal for staff to fund their own pay increases through relinquishing key terms and conditions comes directly from the MOD and the Department deserves all of the anger members can muster for this betrayal.

“Departments should also work constructively with trade unions for pay purposes, for both annual pay remits and the development of pay flexibility business cases.”

**Civil Service Pay Remit Guidance 2019**

# 11.5% - A FANTASY OFFER



Prospect and the other TUs were invited to participate in pay workshops at the beginning of August this year. It was expressly stated these were workshops and not the start of negotiations, but it was clear from the outset that the intention was to attempt a

hard sell of a pay offer which the Department clearly knew Prospect and the other TUs would find totally unacceptable. A hard sell ensued with figures and supporting details which would have been better presented on the side of a red double-decker bus they were so misleading and impractical. 11.57% was the alleged increase in the pay bill over a three year deal but only 6% would be funded by the Department, with 5.57% coming from the pay bill through taking a sledgehammer to current contractual terms and conditions. The Department obviously believes, on the back of 10 years of austerity, that staff would be susceptible to giving up hard earned T&Cs to fund a larger pay increase than the Department is prepared to fund. A Department which can find 2.9% to fund increases to base pay and pay related

allowances for the military, when the military element of the pay bill is five times that of the civilian element, and 2.5% for the MDP, with no offsetting reductions in conditions. Prospect finds this differential approach to funding staff pay to be reprehensible and unjustifiable. It is even more galling as it becomes clear that the proposals would actually transfer money from the Skill Zone staff pay pot to the Broader Banded staff pay pot, i.e. from the lower paid to the higher paid.

The final offer published by the Department is based on an 11.5% overall increase to the pay-bill. There has been no meaningful negotiation with the TUs on this final offer which actually contains changes which were never discussed. Interestingly, some of those changes reflect the challenges Prospect made against their proposed changes to allowances which they were adamant had been accepted by the business. NSQEP RRA being a specific example; initially targeted to lose the pensionable element but removed from the final offer letter, along with some other allowances. So much for their proposals having been tested with the business. Also, the non-consolidated compensation payments to offset the losses to overtime were never even tabled in the discussions we have had.

## RESTRUCTURING REJECTED

Even if the proposals were funded in full by the Department, the pay restructuring is not supportable. Creating a single national pay scale by bringing all staff up to the London rate would benefit most, though not all, members based outside of London but not those in London and not those closest to the maximum of their pay range. Replacing a 4% pay lead for London based staff, a lead which currently grows in relation to salary, with an additional £1000 on London Weighting Allowance, which is very rarely up rated, means that any staff earning over £25,000 would lose out significantly over the



three years and by 2021 would probably not be able to afford to live in London. That element of the proposal also cuts directly across the government's social mobility policy by making it unaffordable for most staff but especially those from lower socio-economic backgrounds from furthering their career in Main Building. Indeed, it will make competing in the local market for key skills impossible in London. The figures quoted and the worked examples presented were simply inaccurate and read more like a propaganda document than a genuine attempt to explain the benefits of the offer.

## CONDITIONS IN THE FIRING LINE

The funding of the 5.5% in addition to the Treasury pay guidance limit of 2% for each year is to be found by a ferocious attack on long standing pay related terms and conditions; overtime being the main focus but also; regular shift allowances; recall to duty payments; shift allowance, both in reducing the value and making it non-pensionable; plus the removal of legacy pay protection; some Locational Allowances; Flexible Rostering Allowance (4%); mark time and pensionability from Functional Allowances.

It is Prospect's view and that of the other TUs that these proposals have been badly thought through. There has been no proper impact assessment and we do not believe there has been any meaningful consultation with the wider MoD organisation as to how their proposals would impact on business, which we believe would be staggering. The proposals are badly presented and are based on a false premise, that staff would be so deflated by 10 years of austerity that they would sell their grannies for an additional percentage point pay increase

# Betrayal

To the absolute shock and disgust of all TUs, our expected negotiation meeting did not go ahead. Instead, when we turned up for the scheduled pay meeting on 5th November we were called to a meeting with the Permanent Secretary, who informed us that no further negotiation would take place. A decision had been taken by ExCo to renege on the progress made and we were informed that the original offer would be published to staff,

This action is a gross betrayal of employee relations in the Department, and of the staff. The reaction from all the TUs was furious, making it absolutely clear that we reject the offer on our members' behalf. Our view is that the MoD truly believes that staff would accept an 11.5% offer, knowing that the lowest paid members of staff, those barely scraping by, will see their pay and living standards cut. We don't. We believe our members will share our view that the Department taking the approach of a Viking raiding party to conditions of employment is an utter betrayal of the staff, of good faith and of employee relations in the Department.

We have made it clear to the Department that the offer, as it stands, is simply unacceptable. The Department, in turn, has indicated that the offer will not be imposed, as it is dependent on changes to contractual terms and conditions and needs the agreement of the trade unions. Instead they have published the offer and, in doing so, have indicated that the fall-back position if formally rejected would be a one year offer against the 2% treasury remit, with a view to putting the offer set out to staff, still with the same strings attached, again next year. This is absolutely bizarre. They seem intent on a war of attrition with the trade unions and, by association, with their members. The fact that in the final negotiation meeting we attended they had five options for the ExCo to consider and were close to agreeing with us a three year deal based on our alternative proposal worth approximately 3% per year they cannot now legitimately state that their only option is the 2%. That is not being forced on them by strict adherence to the business case that would be the clear choice of the ExCo; using it as a threat in an attempt to drive through a bad deal. This would not be the Perm Sec doing the "best he can for staff".

## REJECTED BUT COUNTERED

Despite having concerns about the Department not acting in good faith, the TUs led by Prospect put forward a counter proposal for a three year deal, based on a distribution model that would have delivered an award of at least 3% for each of the 3 years, as a mixture of consolidated and non-consolidated pay. Our proposal presented a fairer distribution of the money available, and was not predicated on any cuts to terms and conditions. Our proposal would also have delivered a consolidated increase to staff on the maxima each year. The published offer continues the pay freeze for many staff at the maxima, particularly in London, of their pay

ranges for a further 3 years, having already suffering pay freeze for 10 years'.

At a meeting with the MoD Pay Team on 30th October we discussed our proposal in more detail and there did seem to be a step change in the Department's approach. There was agreement with the pay team that our proposal would be calculated and further discussions would take place last week, based on a three year deal that did not require a reduction in any terms and conditions, and allowed for any saving identified through workshops to be fed into years 2 & 3.



## UNPRECEDENTED AND SIMPLY WRONG

This negotiation has been mis-managed from the start and the final offer is not legitimate. It does not communicate with the two separate bargaining tables that exist within the MoD and we cannot respond to it in its current form. It would be unprecedented and simply wrong for Prospect, PCS or FDA members in the broader bands and retained grades to even determine what happens to the pay of the Skill Zones staff represented by GMB and Unite let alone benefit from taking money from their pay pot.

We are not intending to ballot members on this offer, but would welcome any comment or feedback from you and your colleagues and we will be looking to organise members meetings and dial in opportunities. We will also be publishing our own FAQs to provide more details around the proposals and how we arrived at this difficult place.

Strangely, the offer letter has not indicated a cut-off date for a formal response; a clear indication that they acknowledge the TU position of outright opposition. In conjunction with the other TUs, however, we intend to formally respond seeking clarification

of a number of technical points including the issue around two separate bargaining units and, given those changes to the offer discussed above, asking whether the door remains open for further negotiations. Once we have a formal response we will update members on next steps.

Please show this newsletter to colleagues, and to non-members who should join Prospect. We don't know what is coming next, but we can be sure that if the Department gets away with cuts this year, they will come for more.

Information on joining Prospect can be found here: <https://prospect.org.uk/join/>



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