Pay Harmonisation Following Education Mergers: Can You Afford Not To?

For multi-academy trusts and further education colleges navigating mergers, the cost of aligning pay and grading arrangements may be easier to calculate than the consequences of the decisions themselves.

Through our conversations with educational institutions, we've found that identifying pay and grading inconsistencies is often easier than resolving them, particularly when the financial implications become clear.

Pay harmonisation following education mergers can involve schools or colleges coming together to form new trusts or groups, as well as individual institutions joining established ones. Each scenario can bring different grading structures, inherited employment arrangements and approaches to valuing roles that need to be considered.

There may be a clear ambition to establish greater consistency, but what happens when the preferred approach carries a cost the organisation simply cannot accommodate? And even if the funding were available, how would leaders know whether the outcome was genuinely fair?



© Pilat Europe Ltd. 2026

Why is pay harmonisation challenging after a merger?

Pay and grading arrangements may have developed independently over many years and been entirely appropriate when they were established. However, when employees become part of the same trust or college group, differences that previously attracted little attention can become more visible.

Consider two finance managers working in different parts of a newly formed trust or college group. Their titles are the same, but their grades differ.

One may be responsible for financial planning across several schools or colleges, managing a team and making significant operational decisions, while the other may have a more limited remit within a centralised finance function.

The difference in grading may be entirely appropriate. Equally, the roles may have become more comparable over time, while their grading arrangements have remained unchanged. Without examining the actual demands of each role, it is difficult to determine whether the grading differences are justified.

> **The distinction matters because harmonisation is not simply about matching job titles or aligning salaries.**

Job evaluation considers the demands of a role, while an employee's contractual pay arrangements are a separate consideration. The two are related, but they are not the same thing.

An employee may receive a particular salary because of contractual protections, allowances or progression arrangements, even where the underlying job has been evaluated consistently.

Understanding these differences is an essential part of determining what, if anything, needs to change following a merger.

© Pilat Europe Ltd. 2026

When the figures change the conversation

Suppose a review identifies a group of roles where changes to grading arrangements are considered appropriate.

An increase of £2,000 per employee might appear relatively modest. Applied to 60 employees, however, it represents an additional £120,000 in annual basic salary expenditure, before employer pension contributions, National Insurance and other associated costs, as illustrated below.

ILLUSTRATIVE FINANCIAL SCENARIO

When the figures change the conversation

This example shows a potential annual salary cost of pay harmonisation.

Annual increase per employee

£2,000

Employees affected

60

Additional annual basic salary expenditure

£120,000

Illustrative calculation only. Excludes employer pension contributions, National Insurance and other associated costs.

For a multi-academy trust or college managing competing priorities across its workforce, the financial implications can be difficult to accommodate.

HR may recognise the case for change. Finance may understand the rationale but question how the expenditure can be sustained. Senior leaders must consider what the additional cost would mean for the wider organisation.

There is no easy answer to that tension. An organisation cannot decide what is fair solely by reference to its budget, but identifying a preferred outcome does not make the resources available to deliver it.

And even if the funding could be found, the total cost would tell leaders only part of what they need to know.

© Pilat Europe Ltd. 2026

Who would benefit from the proposed changes? Who would remain on existing arrangements? Would some employees experience restricted progression? And could the effects fall disproportionately on particular groups within the workforce?

These questions can be overlooked when the discussion concentrates on the affordability of the overall proposal, yet they may be just as important to the decision.

Can pay harmonisation be consistent but still unfair?

A proposed grading structure can appear consistent across a multi-academy trust or college group when viewed through salary bands and job titles, while producing different outcomes for the employees affected.

Imagine a trust or college group introducing a common grading framework but protecting existing salaries where employees are paid above the new grade maximum. Depending on the circumstances, this may be a practical or necessary way of managing inherited contractual arrangements.

But what if the employees affected are disproportionately older workers? What if changes to grading or progression have a greater impact on roles predominantly occupied by women? Or if particular ethnic groups or disabled employees experience different outcomes?

Such patterns would not automatically establish unlawful discrimination, but they would warrant closer examination. An apparently neutral policy can place employees sharing protected characteristics at a particular disadvantage, although whether this amounts to unlawful discrimination depends on the circumstances and relevant legal tests.

This is why equality considerations should be part of the decision-making process, rather than a final check once the preferred financial option has been selected.

Equal pay between women and men, particularly where roles may be of equal value, is an important consideration. But pay harmonisation can also raise wider questions about discrimination and the effects of apparently neutral policies on employees with protected characteristics.

> **For senior leaders, there is a distinction worth recognising: a proposal can be applied consistently and still have consequences that are not equitable in their effect.**

© Pilat Europe Ltd. 2026

Understanding those consequences requires more than comparing salary totals. It means examining how employees, their roles, pay and relevant workforce characteristics relate to one another.

Data can help identify patterns that warrant further investigation. It cannot, on its own, determine whether a particular arrangement is discriminatory or establish the appropriate legal response. But without that visibility, important questions may never be asked.

What if the preferred solution isn't affordable?

This is perhaps the most uncomfortable part of the discussion.

A multi-academy trust or college may have undertaken a thorough pay harmonisation review, established a clear rationale for change and understood the financial implications, only to conclude that its preferred approach cannot be implemented within the available budget.

What happens then?



Understand the differences

The answer depends partly on what the review has identified. Not every difference in pay or grading is inappropriate. Some reflect different job demands or legitimate contractual arrangements, while others may require further investigation, particularly where equal pay or discrimination concerns arise.



Recognise legal obligations

In mergers involving TUPE transfers, existing contractual terms may be protected. A desire to harmonise pay arrangements does not, by itself, provide a lawful reason to change those terms. Equally, financial pressures do not remove an employer's existing legal obligations.

Organisations therefore need to distinguish between changes they would like to make, issues they have a legal responsibility to address and arrangements that may appropriately continue.



Consider the available options

There may be scope to establish a common approach to future job evaluation while retaining different inherited pay arrangements. Particular roles may require closer examination before wider decisions are taken. Where changes are lawful and appropriate, different implementation options may also need to be considered alongside their financial and equality implications.

© Pilat Europe Ltd. 2026

The point is not that harmonisation should always happen, or that it should always be delayed. Leaders need to understand the nature of the differences before deciding how to respond.

What are the risks of leaving pay and grading unchanged?

Leaving pay and grading differences unresolved following a merger can create challenges around employee expectations, transparency, future workforce planning and potential discrimination risks.

Retaining existing arrangements may sometimes be entirely appropriate. But there is a difference between making that decision on an informed basis and allowing unresolved questions to drift.

Employees who previously worked under different employment arrangements may now compare responsibilities, grades and salaries within the same trust or college group, and reasonably want to understand why differences exist.

A clear explanation, supported by appropriate evidence, will not necessarily satisfy everyone. It does, however, provide a more credible foundation for managing expectations.

The implications can extend beyond the immediate merger. As trusts and college groups grow, responsibilities change, central services develop and new roles emerge. Decisions about grading and pay made during integration can influence recruitment, restructuring and workforce planning for years afterwards.

Where the basis for those decisions is poorly understood, inconsistencies may become embedded rather than resolved. And where there are indications of potential discrimination, leaving matters unexamined can create risks beyond employee dissatisfaction.

The cost of making changes may be relatively easy to calculate. The consequences of leaving things as they are can be much harder to quantify.



© Pilat Europe Ltd. 2026

What should leaders consider when making pay harmonisation decisions?

Pay harmonisation requires more than identifying an affordable solution. Leaders also need to understand the wider implications of their decisions and have the evidence to explain how those decisions were reached.

Affordability

Can the proposed changes be sustained?

Consider the ongoing financial commitment, including pension contributions, National Insurance and the resources available across the trust or college group.

Fairness & equality

Who benefits, and who might be disadvantaged?

A consistent grading structure does not automatically produce equitable outcomes. Consider salary protection, progression and whether particular employee groups may be disproportionately affected.

For organisations subject to the Public Sector Equality Duty, relevant equality considerations must inform decisions.

Cost of inaction

What happens if existing arrangements remain?

Different grading arrangements may create continuing inconsistencies, administrative complexity and difficulties explaining pay decisions.

Leadership

Can the decision be explained and evidenced?

Leaders need to understand how roles have been compared, why existing differences have arisen and how proposed changes may affect employees.

Clear evidence and a documented process can support informed, defensible decisions.

© Pilat Europe Ltd. 2026

Before changing pay and grading arrangements

For multi-academy trusts and colleges contemplating a merger, there is value in examining pay and grading arrangements before the new organisational structure is finalised and expectations become established.

Not because every merger will uncover a problem, or because different inherited arrangements must necessarily be replaced. But bringing workforces together can expose decisions previously made independently, with implications extending beyond the immediate cost of alignment.

The challenge is to understand which differences are justified, which warrant further examination and what the consequences of potential changes might be. That means considering the relative demands of roles, contractual protections, financial implications and the potential impact on employees sharing protected characteristics.

> **Fairness, affordability and equality cannot sensibly be treated as separate conversations. They are part of the same decision.**

In our experience, the challenge isn't necessarily finding one perfect solution. It's making sure leaders have the information and understanding to make decisions they can stand behind, even when the choices are difficult.

A trust or college may know exactly what harmonisation would cost. The more difficult question is whether it understands the consequences of the approach it can afford.



This article provides general information and commentary and does not constitute legal advice.

© Pilat Europe Ltd. 2026