

PAY PROTECTION

Submitted by: Executive Management Team

Portfolio: Finance and Budget Management

Ward(s) affected: Not Applicable

Purpose of the Report

To enable the Committee to consider the current arrangements for protecting the pay of those employees whose pay grades are reduced as a result of restructuring.

Recommendation

That the current arrangements for pay protection for employees who are redeployed to lower graded posts as a result of restructuring contained in the council's Restructuring Policy and Procedure remain unchanged:

- **6 months at existing salary;**
- **6 months at half the difference between new and previous salary; and**
- **No annual pay increases, overtime payments allowances or other payments included.**

Reasons

It is considered that the current arrangements are fair, equitable and reasonable, taking into account the relevant factors, including mitigation of the loss of income of affected employees and the potential cost to the authority.

1. Background

1.1 Section 15 of the council's approved Restructuring and Redundancy Policy and Procedure provides for employees who are redeployed to lower graded posts to receive pay protection on the following basis:

- 6 months at existing salary;
- 6 months at half the difference between new and previous salary;
- No annual pay increases, overtime payments, allowances or other payments included.

1.2 Where annual leave entitlement is reduced as a result of redeployment to a lower grade, this is protected pro rata for the duration of the pay protection period.

1.3 The Employees Consultative Committee has recommended that pay protection be on the following basis:

- A maximum of 3 years on a sliding scale as follows:

Year 1	100% flat rate
Year 2	Months 1 – 6 80%
	Months 7 – 12 60%

Year 3	Months 1 – 6	40%
	Months 7 – 12	20%

- No annual increases, overtime payments, allowances or other payments to be included.

2. **Issues**

2.1 There is no specific legislation regarding the length of pay protection. However, the following factors should be noted:

- mitigation of loss of income to the redeployed employee;
- cost of paying protection offset against potential savings;
- perceived use of the authority's resources by external parties;
- views of other employees occupying generic posts;
- increased risk of equal pay challenges, the longer the pay protection period;
- survey of other authorities indicated generally sliding scales over an average of 1.96 years, with no allowances etc protected.

3. **Options Considered**

3.1 Initially, it was proposed that employees redeployed to a lower graded post should receive a 3 month salary protection in their redeployed post. However, this was revised to the current 12 month arrangement following referral to the Employees Consultative Committee.

3.2 An analysis of protection arrangements in place at 16 other authorities in June 2011 indicated an average period of protection of 1.96 years, with most incorporating a sliding scale for payments and payments other than basic salary not being protected, with there also being no annual pay award increases.

4. **Proposal**

4.1 That the arrangements currently in place be confirmed.

5. **Reasons for Preferred Solution**

5.1 It is considered that the current protection arrangements are fair and reasonable based on the factors listed at section 2 (above).

6. **Outcomes Linked to Sustainable Community Strategy and Corporate Priorities**

No applicable

7. **Legal and Statutory Implications**

There is no specific legislation regarding the length of pay protection. However, there is an increased risk of challenges, the longer any pay protection period.

8. **Equality Impact Assessment**

8.1 The pay protection arrangements apply equally to all employees.

9. **Financial and Resource Implications**

- 9.1 There are three employees currently receiving pay protection who would be affected in the event that the Employees' Consultative Committee's recommendation was to be implemented. The cost of implementation, including on-costs, would be £14,240.

10. **Major Risks**

- 10.1 There is an increased risk of equal pay challenges being made, the longer the period of protection.

11. **Sustainability and Climate Change Implications**

Not applicable.

12. **Key Decision Information**

No applicable.

13. **Earlier Cabinet/Committee Resolutions**

Not applicable.

14. **List of Appendices**

Not applicable.

15. **Background Papers**

Not applicable.