

## **PAY PROTECTION**

**Submitted by:** Executive Management Team

**Portfolio:** Finance and Budget Management

**Ward(s) affected:** Not Applicable

### **Purpose of the Report**

To enable Members to consider the current arrangements for protecting the pay of those employees whose pay is reduced as a result of them being redeployed to a lower graded post following restructuring.

### **Decision Required**

**Either**

**(i) The current arrangements for pay protection for employees who are redeployed to lower graded posts as detailed at 1.1 and 1.2 (below) be reaffirmed;**

**or**

**(ii) The arrangements proposed at 1.3 be adopted including/excluding backdating;**

**or**

**(iii) Alternative arrangements be implemented (if so, these to be agreed at the meeting).**

### **Reasons**

To ensure that the council's pay protection 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 a lower graded post 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 Staffing Committee, at its meeting on 7 November 2012, has recommended that pay protection should be on the following basis following recommendation of the proposal by the Employees Consultative Committee (ECC):

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

Year 1      100% flat rate

Year 2      Months 1 – 6      80%      of the difference between the maximum SCP of the new lower graded post and the protected salary level.

                 Months 7 – 12      60%      of the difference between the maximum SCP of the new lower graded post and the protected salary level.

Year 3      Months 1 -6      40%      of the difference between the maximum SCP of the new lower graded post and the protected salary level.

                 Months 7 -12      20%      of the difference between the maximum SCP of the new lower graded post and the protected salary level.

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

The Staffing Committee also recommended that the longer period of pay protection be backdated to include any employees who have received pay protection since the Restructuring and Redundancy Policy and Procedure was implemented in November 2011.

## 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. Your officers are of the view that this arrangement at 1.1 is consistent with the factors listed at 2 (above).

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 (attached at Appendix A), 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. **Outcomes Linked to Sustainable Community Strategy and Corporate Priorities**

Not applicable.

5. **Legal and Statutory Implications**

5.1 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.

6. **Equality Impact Assessment**

6.1 The pay protection arrangements apply equally to all employees.

7. **Financial and Resource Implications**

7.1 There are four employees who have received pay protection since the Restructuring and Redundancy Policy Procedure was implemented who would be entitled to additional payments in the event that the ECC/Staffing Committee's recommendations were to be approved as follows:

Total protection payments paid to date	£ 6,718
Additional (backdated) payments to be made	<u>£11,556</u>
Additional (backdated) payments including employers oncosts @ 30%	<u>£15,023</u>

The additional future cost of adopting the recommendations of the Staffing Committee would depend on the numbers/grades of employees redeployed as a result of future restructures and the grades of the posts to which they are redeployed.

8. **Major Risks**

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

9. **Sustainability and Climate Change Implications**

Not applicable.

10. **Key Decision Information**

Not applicable.

11. **Earlier Cabinet/Committee Resolutions**

Employees Consultative Committee – 17 October 2012, Item 5  
Staffing Committee – 7 November 2012, Item 5

12. **List of Appendices**

Appendix A – Benchmarking Exercise – Pay Protection Arrangements

13. **Background Papers**

None.