

BABERGH DISTRICT COUNCIL

FROM: Director of Corporate Services

REPORT NUMBER: K203R

TO: STRATEGY COMMITTEE

DATE OF MEETING: 10 February 2011

SALARY PROTECTION AND TRAVEL POLICIES

1. INTRODUCTION

- 1.1 The Council's current Salary Protection Policy provides ongoing salary protection for staff which is outdated and no longer realistic.
- 1.2 A new Salary Protection Policy which offers a maximum sum and a limited period of protection is proposed.
- 1.3 On 1 April 2011, the Shared Revenues Partnership (SRP) begins, based at Ipswich Borough Council Offices. Those Babergh employees working within the Partnership will transfer to the employment of Ipswich Borough Council, travelling to work at the Ipswich BC Offices.
- 1.4 A Travel Policy (for employees relocated to an alternative work base) has been developed to reimburse staff for additional expenditure on travel.
- 1.5 Both of these policies will be relevant to Babergh and Mid Suffolk's current staff integration plans. It is important to have aligned policies on these matters in place to support the integration process.

2. RECOMMENDATIONS TO COUNCIL

- 2.1 The Council's current Pay Protection Policy, attached at Appendix 1, which offers ongoing and full salary protection, be terminated, with 3 months' notice given to affected staff to end these arrangements.
- 2.2 The replacement Pay Protection Policy, attached at Appendix 2, which provides time limited salary protection for a maximum of 36 months and with a maximum protection limit, be adopted.
- 2.3 The Travel Policy, attached at Appendix 3, be adopted.

3. FINANCIAL IMPLICATIONS

- 3.1 It is not possible to provide any specific detail on the financial implications of either the Pay Protection or the Travel Policy. However, the recommended Pay Protection Policy would be more favourable to the Council than the current policy that it replaces.

3.2 Any projected additional travel expenses arising from proposed changes to staffing arrangements would be built into the business case for the proposal. Specifically, the terms as set out in the Travel Policy have been used to develop the SRP and the integration / merger with Mid Suffolk DC business cases.

4. **RISK MANAGEMENT**

4.1 This report is most closely linked with the Council’s Significant Business Risks No 3a (Integration and merger with Mid Suffolk DC) and 3b (Shared services – other shared services). Key risks are set out below:

Risk Description	Likelihood	Seriousness or Impact	Mitigation Measures
An equal pay claim could be raised in connection with current salary protection arrangements	Significant	Critical <u>(reputation as well as financial impact)</u>	Adopt the policies recommended within this report
Employment-related savings are not realised due to ongoing full salary protection	Very high	Critical	As above
The Council has no travel disturbance policy, or it is not time limited	Low	Marginal	As above

5. **KEY INFORMATION**

Salary Protection Policy

5.1 An Equal Pay Audit carried out in 2009 identified that the Council’s Pay Protection Policy was a risk in terms of equal pay challenge as it allowed continuing protection of a higher salary grade for a small group of Officers.

5.2 As part of the ongoing savings and efficiency reviews with UNISON it was recognised that the pay protection arrangements should be reviewed and UNISON were in support of these being significantly reduced to achieve greater equity for staff.

5.3 The current Policy was adopted in 1993 and provides for full protection of grade and conditions of service where an Officer’s grade has been reduced by the Council for whatever reason. This protection was not time limited in any way (copy attached at Appendix 1).

- 5.4 In 1997 an alternative to this Policy was developed and agreed by the Personnel Committee at that time on the basis that it would be a dormant policy, to be activated by the Council if financial circumstances or other causes made this necessary. That policy was time limited to a maximum period of 36 months protection of fixed salary and included a maximum sum for the salary protection payment (copy attached within Appendix 1).
- 5.5 The number of staff receiving salary protection has reduced over recent years and there are 9 Officers covered by the current Policy, soon to reduce further to 5 Officers as a result of planned staffing changes.
- 5.6 The forthcoming integration of staffing structures with Mid Suffolk District Council is likely to lead to an increase in the number of staff that would be eligible for salary protection arrangements.
- 5.7 In support of the MSDC/BDC Integration/Merger Plans, both Authorities are seeking to align their employment policies wherever possible to move closer to harmonisation of terms and conditions of service.
- 5.8 MSDC has a Pay Protection Policy which provides pay protection for 3 years maximum. That policy is consistent with this Council's reserved policy in terms of the period for protection being 36 months. Consideration has been given to a reduction in the 36 month term for protection to 24 months, given the savings and efficiency aims of the Council, and HR Panel were in support of this if it could be achieved.
- 5.9 Establishing the clear principle of time limited protection as soon as possible is an important aim. However, alignment of policies between Mid Suffolk and Babergh is an equally important principle that will underpin the staff integration process.
- 5.10 For these reasons, it is recommended that a pay protection policy limited to a maximum period of 36 months represents the best immediate solution to meet these twin objectives.
- 5.11 MSDC Officers are also offered the alternative of a lump sum payment equal to double the difference between the current and the new salary, 50% of which may be clawed back if the employee chooses to leave employment with the Authority within a year.
- 5.12 The option of a lump sum payment within the MSDC policy does carry a risk that if the Officer leaves, the Council then has to recover 50% of this payment. But if they do not, there is a reduced cost to the Council. Whilst this is not necessarily an element that would have been proposed, it is recommended, on balance, that this option be included in Babergh's policy to keep the policy of both Councils entirely consistent.
- 5.13 The reserved BDC policy refers to the protection as being :

"The salary grade and appropriate conditions for the new post will be paid. In addition, a protection allowance will be paid. This will be the lesser of (i) the salary differential between the two jobs or (ii) 20% of the salary of the former post."

- 5.14 The MSDC policy provides for protection at the current salary and does not include a link to maximum protection at 20% of the salary of the former post. It is therefore proposed to exclude this from Babergh's recommended policy.
- 5.15 However, it is proposed to cross-reference this policy with the Council's policy on redundancy, which indicates that suitable alternative employment for redeployment purposes is regarded as a post one grade above or one grade below the current post. Salary protection would therefore normally be limited to protection of a one grade differential only. Where redeployment is contemplated that would equate to a salary differential greater than one grade, additional protection would be awarded at the discretion of the Management Team for staff below that level. For members of Management Team, that discretion would be exercised by Strategy Committee. In either case, discretion would be exercised taking into account all circumstances, including the best financial interests of the Council and equality of treatment for staff of both Councils. Objective criteria will be developed and applied in these cases to ensure a consistent approach is achieved.
- 5.16 The retained policy that is inactive outlined in Appendix 1 provides for a notice period of 9 months to withdraw the current protection arrangements but it is proposed that this notice period be reduced to three months, given that the protection offered continues for a 36 month period.
- 5.17 A revised policy is attached at Appendix 2, reflecting the considerations above. It is a variation on the retained BDC policy and is aligned to the MSDC policy. Adoption of a policy that is fully aligned with MSDC's current pay protection policy would not, of course, preclude both Councils undertaking a further joint review at a later stage.

Travel Policy

- 5.18 The employment location is a contractual term and most of Babergh's employees have their base as the HQ offices in Hadleigh. If the location for work changes and that change leads to a longer journey and an associated increase in travel expenses for the postholder then the normal employment practice is to provide a reimbursement for that additional expense for a fixed period of time.
- 5.19 There have been no incidents of relocation of staff in these circumstances at this Council to date and there is no Travel Policy in place. However, a number of the Babergh staff transferring to the SRP from 1st April will be in this position, and it is likely that relocation will be an increasing feature associated with the Babergh/Mid Suffolk Integration.
- 5.20 The National Agreement on Pay and Conditions of Service indicates that:
- "Employees will be reimbursed the additional costs arising from a compulsory change in their place of work, according to locally negotiated schemes establishing approved items of expenditure and periods of reimbursement."

The MSDC policy provides for reimbursement of additional travelling costs for a period of four years, which is the most common period for protection in Local Government policies.

5.21 A policy has been drafted at Appendix 3 which is consistent with the MSDC policy and is recommended for adoption. The SRP and integration / merger business cases have included the cost of travel allowances for staff on this basis.

6. CONSULTATION WITH UNISON

The local branch of UNISON have been consulted on these policies and attached at Appendix 4 is a letter confirming their views and support for the recommendations within this report.

7. APPENDICES

Appendix 1	(current) Policy for Protection of Policies
Appendix 2	Proposed Policy for Salary Protection
Appendix 3	Proposed Travel Policy
Appendix 4	Letter from UNISON local branch Chairman

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Appendix 1

3.3 POLICY FOR PROTECTION OF SALARIES

At the meeting of Full Council on 28th April 1998 it was agreed that the current policy for protection of salaries will be as given below. This acts as a replacement to the policy agreed by Policy and Resources Committee (17/04/97) which has been retained and may replace these latest arrangements if Council decides to do so in the future. The current policy is as follows:-

Where a postholder is appointed to a post on a lower grade, then the postholder's current grade and conditions of service remain. However, the Council reserves the right to review this arrangement at any time and to unilaterally withdraw it if financial circumstances or other causes make this necessary. Further that when any such post becomes vacant, the substantive grade for that post be applied.

Also that where a member of staff currently not on a Personal Contract obtains a post on the same or a lower substantive grade as their current post, they may remain on their current grade and conditions of service if they so wish subject to the reservation referred to above.

(Full Council - 28/04/98)

Policy agreed by Policy and Resources Committee 17/04/97 (Retained but not Active).

Following a staffing restructure or change in salary grading, it is likely that, in a small Authority such as Babergh, redeployment at the same level may be difficult. For staff newly affected by such changes, the following policy will apply:-

- t The salary grade and appropriate conditions for the new post will be paid. In addition, a protection allowance will be paid. This will be the lesser of (i) the salary differential between the two jobs or (ii) 20% of the salary of the former post.
- t The sum of new salary and protection allowance will then be frozen until it is caught up by substantive salary for the job (through pay awards) or for a period of 36 months, whichever is the earlier. At this time, the protection allowance will stop. (The period of protection was originally proposed as 24 months, but following representation from Unison, Members agreed to extend it to 36 months).

For those staff already receiving protection of salary (as at 16 April 1997) existing arrangements will continue. These are that protection of salary on a personal basis is given in full, allowing incremental progression within the protected grade. The Council reserves the right to review these arrangements at any time, and to unilaterally determine whether to change or withdraw the protection arrangements. Further that the Council will give nine months notice in writing of any such change or withdrawal of the protection arrangements. Any review will be subject to a detailed report to the Personnel Committee and consultation with Unison in the normal way

(Personnel Committee - 20/1/93) (Policy and Resources - 14/2/93) (Policy and Resources - 17/4/97)

APPENDIX 2

Salary Protection Policy

Salary protection will apply to staff that are redeployed into a post on a lower grade and salary than their current post, such as following a staffing re-organisation and will be in accordance with the Council's Redundancy Policy and Procedure for Managing Redundancies. Suitable alternative employment for the purposes of redeployment is defined in that policy as normally being as a post one grade above or below the current grade.

Therefore, protection will normally arise where the job differential is one grade only. Where redeployment is contemplated that would equate to a salary differential greater than one grade, , additional protection will be awarded at the discretion of the Management Team for staff below that level. For members of Management Team, that discretion would be exercised by Strategy Committee. In either case, discretion would be exercised taking into account all circumstances. These considerations would include the best financial interests of the Council and equality of treatment for staff, both within Babergh and between Babergh and any other Council with whom staff integration arrangements might be made.

Each case will be the subject of discussion with the employee affected. Salary protection will not usually apply in the case of redeployments for other reasons (e.g. as a result of injury or ill health).

The protection that will be paid is as follows:

- The salary grade and appropriate conditions for the new post will be paid. In addition, a protection allowance will be paid. This will be the salary differential between the two jobs up to a maximum of a one grade differential.
- Exceptionally, additional protection may be agreed as set out above.
- The sum of new salary and protection allowance will then be frozen until it is caught up by substantive salary for the job (through pay awards) or for a period of 36 months, whichever is the earlier. At this time, the protection allowance will stop.

Alternatively, there is the option instead of receiving the protection allowance as above to have payment of a lump sum equivalent to twice the gross difference between the current and new salaries. Here the new (lower) salary would be applied immediately. Where a lump sum payment has been made and the employee leaves within 12 months of the salary reduction taking effect, a claw back of 50% of the payment will apply. A lump sum paid under these circumstances would be subject to tax and national insurance contributions. Such a lump sum payment would be pensionable.

**TRAVELLING POLICY -
EMPLOYEES RELOCATED TO ALTERNATIVE WORK BASE**

Where it is necessary to relocate an Officer's work base, financial assistance will be given where the Officer must travel at least 5 miles further from home to the new place of work to qualify. If possible, the Officer is encouraged to utilise the Council's Home Working and Flexible working policies to reduce the total additional miles travelled by this move, minimising or negating the need to receive this allowance.

Travel and Disturbance Expenses

Expenses will be reimbursed as follows:-

An officer incurring additional travelling expenses in accordance with the above will be paid an allowance equal to the difference between the costs of travelling:

- (i) from his/her home to his new place of work:
- (ii) from his/her home to his old place of work.

Such allowances will be paid for a period of four years at the full rate and be based on either:

- i) Second-class train and/or bus fares, or
- ii) Mileage allowance in respect of the additional mileage actually involved in the change of place of employment if the officer is an authorised car user, or where public transport is not available.

This allowance will be paid on a monthly basis within your salary (requiring submission of standard mileage claim forms) and will be based on the Inland Revenue mileage rate of 40p per mile for Casual Users and the appropriate rate for Essential Car Users.

If your new journey is shorter than your current journey or increases by less than 5 miles, you will receive no entitlement to claim or mileage.

The Council will endeavour to provide a minimum of 3 months notice of any such move, recognising that individuals may have personal arrangements that may be affected by this change.

APPENDIX 4

Jeanette Bray
HR&OD Manager
Babergh District Council



Babergh Branch

1st February 2011

SALARY PROTECTION and TRAVEL DISTURBANCE POLICIES

Thank you for your consultation on the draft report on revised salary protection and travel disturbance policies due to be presented to Strategy Committee on 10th February 2011.

Unison representatives have been involved in early discussions regarding development of these policies and we are supportive of the principle and detail of the proposals.

Unison are keen to ensure fairness with respect to remuneration packages, delivered through the mechanism of a transparent job evaluation process. In the context of this commitment to equality, the current pay protection arrangements are problematic as they can create anomalies where two employees who do the same job are paid at different rates simply because of the historical application of pay protection. As a matter of principle, Unison are strongly opposed to the concept of "lifetime" pay protection, as exists at present.

Unison considers that a pay protection policy ought to be a time limited transitional arrangement to allow staff sufficient time to readjust to the reduced salary paid if they are required to move into a lower grade post, for example after a restructure, secondment or job re-evaluation exercise. Unison considers that the three year period proposed is more than adequate for this purpose.

Unison agree that the amount of the pay protection should generally be capped at the equivalent of the salary differential between the two jobs, up to a maximum of a one grade differential. We look forward to further consultation with respect to the specific criteria to be applied with respect to any exceptional cases where additional protection in excess of this limit is proposed.

Thank you for requesting Unison views on this policy change. I trust that our comments will be taken into consideration when this proposal is considered by Members.

Yours sincerely



Tom Ost
Chairman, Unison Babergh Branch