

WIRRAL COUNCIL

CABINET

27 NOVEMBER 2014

SUBJECT:	TRANSITIONAL PAY POLICY
WARD/S AFFECTED:	ALL
REPORT OF:	STRATEGIC DIRECTOR: TRANSFORMATION AND RESOURCES
RESPONSIBLE PORTFOLIO HOLDER:	COUNCILLOR A JONES
KEY DECISION?	NO

1.0 EXECUTIVE SUMMARY

- 1.1 This report recommends a change to the Council's Transitional Pay Policy.
- 1.2 This policy is designed to support employees through the financial impact of a reduction in their pay arising from the impact of organisational change or from the impact of other changes to their terms and conditions and pay.
- 1.3 The changes are recommended following a review of the policy in the context of significant organisational change and the consequent financial impact for some employees.

2.0 BACKGROUND AND KEY ISSUES

- 2.1 It is good practice for Local Authorities and other large organisations to have policies in place to support organisational change and to mitigate any potential financial impact of change on employees.
- 2.2 The Council's Transitional pay policy is not designed protect an employee's previous level of pay. Its purpose is to support an employee through the financial impact of a reduction in their pay.
- 2.3 The policy is applied where employees are facing a reduction in salary through:
 - Redeployment or a move to a suitable alternative role following organisational change and restructuring.
 - Changes to employee terms and conditions.
 - Redeployment into lower graded post for medical/health reasons.
- 2.4 The current policy was agreed in November 2010. It provides a transition to a new role and/or grade and subsequent reduction in contractual pay for one year to a maximum protection of £2,000. This is applied on a pro-rata basis.
- 2.5 Since November 2010, 240 Council employees have received Transitional Pay.

- 2.6 It is appropriate that the Council's transitional pay policy meets the requirements of the organisation in a rapidly changing context.
- 2.7 The Council is currently consulting staff and Trade Unions on achieving £9.4m savings through remodelling of the workforce which was agreed by Council for 2014/15 and 2015/16.
- 2.8 As an outcome of the remodelling work there is an impact on a number of staff which may lead to a reduction in their pay. Whilst the numbers of employees affected in organisational terms (approx 158 at this stage) is not high, the impact on some individual employees may be significant.
- 2.9 The terms of the policy have therefore been reviewed to ensure the policy continues to be reasonable and proportionate.
- 2.10 It proposed to amend the terms of the Transitional Pay policy to the following:

£4,000 or 75% of the contractual pay loss, whichever is the greater, for a period of 12 months (applied on a pro-rata basis).

- 2.11 The policy will be monitored and kept under review.

3.0 RELEVANT RISKS

- 3.1 The Council's Transitional Pay Policy is a key policy in supporting and enabling organisational change. It is linked to redeployment and is integral to the Council's obligations to mitigate against potential redundancies by identifying suitable alternative roles. The Transitional Pay Policy supports employees by providing a transition in pay where employees are affected by organisational change.

4.0 OTHER OPTIONS CONSIDERED

- 4.1 There are a wide range of options to support employees through organisational change and specifically a change in role and/or grade leading to a reduction in pay.
- 4.2 Given potential scale of loss in some services it was not considered that retaining the terms of the current Transitional Pay Policy was an appropriate option.
- 4.3 In considering options, the significant factors are the level of transitional pay and the period in which it is payable.
- Transitional pay should always be time limited to ensure that employees are not working alongside each other on different rates of pay for a prolonged and unreasonable period of time. This presents risks of extended inequality.
 - The cost of transitional pay will impact on potential savings.
- 4.4 The proposed option extends the existing financial provision of transitional pay, but retains the same broad principles which are well-established and applied. The addition of a 75% provision within the proposal also provides for some

assistance if, in future, any employees were to face a significant reduction in salary over and above the threshold of £4000.

5.0 CONSULTATION

- 5.1 The Trade Unions have been consulted and have welcomed the proposal for a change to the Transitional Pay Policy in response to concerns on the potential financial impact on some employees arising from organisational remodelling.

6.0 OUTSTANDING PREVIOUSLY APPROVED ACTIONS

- 6.1 N/A

7.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

- 7.1 N/A

8.0 RESOURCE IMPLICATIONS: FINANCIAL; IT; STAFFING; AND ASSETS

- 8.1 Based on numbers of staff impacted in remodelling work undertaken to date, application of the existing Transitional Pay Policy would cost £323k (including on costs).
- 8.2 At this stage based on the known changes, the proposed change in policy would cost an additional £140k (including on costs).
- 8.3 The costs shown in the report relate to those employees impacted by proposed changes to their roles in the remodelling proposals out to consultation to date. It should be noted that a revised policy would apply to remodelling work which is still to be completed, and to all situations in future where transitional pay applies under the Council's 'day to day' business.
- 8.4 The cost of transitional pay will be met from the Remodelling reserve for 2014/15 and 2015/16.
- 8.5 The projected cost of any future transitional pay should be factored into the business case for any organisational change or restructure which has an impact on staff.

9.0 LEGAL IMPLICATIONS

- 9.1 There are no legal implications arising from the proposals.

10.0 EQUALITIES IMPLICATIONS

- 10.1 Has the potential impact of your proposal(s) been reviewed with regard to equality?

Yes, EIA is available at:

<https://www.wirral.gov.uk/my-services/community-and-living/equality-diversity-cohesion/equality-impact-assessments/eias-april-2014>

11.0 CARBON REDUCTION AND ENVIRONMENTAL IMPLICATIONS

- 11.1 N/A

12.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

12.1 N/A

13.0 RECOMMENDATION/S

13.1 That Cabinet recommends to Council on 8 December 2014 that the terms of the Council's Transitional Pay policy is amended from the current level of a maximum of £2,000 of loss of contractual pay for 12 months to:

£4,000 or 75% of the contractual pay loss, whichever is the greater, for a period of 12 months (applied on a pro-rata basis).

14.0 REASON/S FOR RECOMMENDATION/S

14.1 To ensure that the principles of Transitional Pay Policy are reasonable and appropriate in the changing context of the organisation and subsequent impact on employees.

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APPENDICES

BACKGROUND PAPERS/REFERENCE MATERIAL

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Employment and Appointments Committee	11 November 2010