

CHESHIRE EAST

CABINET

Date of meeting: 4 NOVEMBER 2008
Report of: HR JOINT TRANSITION GROUP
Title: DETRIMENT AND RELOCATION SUPPORT

1.0 Purpose of Report

- 1.1 To consider the issues relating to the introduction of a detriment scheme and relocation support for staff appointed to the new Authority who are not covered by TUPE provisions.

2.0 Decision Required

- 2.1 To agree a detriment scheme for appointments to the new authority.
- 2.2 To agree relocation support for appointments to the new authority.

3.0 Financial Implications for Transitional Costs

- 3.1 Both the detriment and relocation provisions could have small costs in 2008/09. These would be limited as very few staff will be employed by the Shadow prior to 1st April 2009.
- 3.2 In addition any costs may be more than off set by the avoidance of an expensive redundancy.

4.0 Financial Implications 2009/10 and beyond

- 4.1 The major financial impact of introducing these schemes would fall in the years following 1st April 2009 (depending on how long a detriment scheme applies). They would delay savings rather than increase costs.
- 4.2 Any delayed savings could be more than offset by avoiding costly redundancies. It is not possible to accurately assess the financial impact of such schemes at present but it is likely to apply to only a small percentage of the workforce if introduced.

5.0 Legal Implications

- 5.1 There are no direct legal issues arising, other than the wider more general issues in relation to equal pay.

6.0 Risk Assessment

Risk	Mitigation
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Suitable candidates will not apply for jobs as it will mean a reduction in pay, possibly resulting in higher redundancy costs.	Introduce detriment scheme and relocation support
The schemes will delay savings being achieved.	Careful assessment and management of the schemes.

7.0 Background

Detriment

- 7.1 In previous local government re-organisations the Government has prescribed a statutory detriment scheme. They have not done so in this case, but have left it to the discretion of the re-organising Councils.
- 7.2 There will be two circumstances when employees move to jobs with a lower pay level than that they currently enjoy:
- (i) By application and appointment.
 - (ii) By placement – being offered a job as an alternative to redundancy.
- 7.3 Currently in the case of (i) above, the employee would be appointed on the new pay, terms and conditions and suffer an immediate reduction in pay from the date they take up the appointment.
- 7.4 In the case of (ii) above, the employee would be pay protected in accordance with the pay protection arrangements in place in their current employment (which would transfer under TUPE). In most (but not all) cases, this would be for a period of three years.
- 7.5 This difference of approach could clearly be perceived as unfair, and even, in some circumstances, potentially discriminatory.

Relocation

- 7.6 Internal applicants for appointments may, because of the geography of the Council, incur additional travel expenses as a result of appointment to a job with Cheshire East. If the job is on the same grade as that which they are currently paid on, or marginally higher, an employee may be financially worse off as a result of accepting a new job.
- 7.7 As in the case of detriment, where an employee is placed in a job as an alternative to redundancy, the employee would received the travel expenses in accordance with the arrangements in their current employment (which would transfer under TUPE). These would apply for a period of four years.

8.0 Staffing Committee

- 8.1 These matters have been the subject of discussions in the Staffing Committee meetings with the trade unions.

Detriment

- 8.2 The unions were originally offered a three year policy but with the pay frozen (i.e. no payment of any increments due or annual pay awards). The employee would move to the new pay rate either at the end of three years or earlier, if the pay rate for the new job overtook their frozen salary.
- 8.3 The unions were not happy with this proposal and have pushed for a scheme similar to that currently applying in the County Council, that is one which pays any remaining annual increments due and annual pay awards.
- 8.4 This proposal was discussed further when the Staffing Committee met with the trade unions on 15 October 2008. At that meeting Members of the Staffing Committee agreed to recommend a move to a three year policy including the payment on increments and pay awards. The proposed scheme is attached as Appendix 1 to this report.

Relocation Support

- 8.5 The unions were originally offered 40p per excess mile traveled for a period of two years from the date their base was relocated. The unions did not consider this sufficient and argued that the provisions in existing Councils which provide for four years support at either public transport or car user rates should apply.
- 8.6 At the Staffing Committee on 15 October 2008, Members indicated that they were not prepared to move from their original offer, except to offer an alternative of a lump sum payment of up to £5000, to assist staff to purchase a vehicle if necessary. The calculation would be based on what would have been paid had excess mileage been claimed (subject to repayment if recipients left the Council's employment within the two years). The proposed scheme is attached as Appendix 2 to this report.

9.0 Trade Union Response

- 9.1 At the time of writing the report the trade unions had not given a formal response to the proposals which they wished to consult their members. It is expected that they will accept the proposals on detriment. Their response re the relocation expenses is less clear as the proposals are substantially less than they have been seeking. Having said that they have indicated that they see this as progress and they are aware that if agreement cannot be reached there will be no provisions in place which would potentially adversely affect their members.

10.0 Overview of Day One, Year One and Term One Issues

- 10.1 Any detriment arrangements or relocation support agreed need to be in place prior to Day One as there will be some appointments prior to vesting Day.
- 10.2 The proposed arrangements would continue into Year One and Term One. At a later stage the Council may need to consider whether to seek to negotiate a new policy on pay protection and relocation support to apply to all employees of the new Council.

11.0 Reason for recommendation

- 11.1 To ensure appropriate terms and conditions of employment are in place in the new Council.

DETRIMENT SCHEME

- 1) The scheme will only apply to basic salary and not any other terms and conditions.
- 2) There will be a limit on the extent of the detriment so that it will not apply where the pay rate is more than two grades (on the Council's new grading structure, or equivalent) below the employee's current pay rate.
- 3) It will apply for a three year period from the date of appointment to the lower graded job.
- 4) During the three year period, employees will continue to benefit from the payment any annual increments due and the annual pay awards.
- 5) The final day of protection will be the day before the anniversary of it starting. The grading of the job occupied will then be applied.
- 6) If grades are restructured, adjustments may be necessary to the terms of protection but the employee will not be allowed to benefit financially from the change.

RELOCATION SUPPORT

- 1) The scheme will apply to employees appointed by internal advert to the Council on the new terms and conditions, who are financially worse off as a result of the additional travel incurred in moving to a new workbase.
- 2) It will apply for a two year period from the date the employee begins to incur additional mileage as a result of appointment to the Council.
- 3) The employee will either receive:
 - a payment of 40p per excess miles travelled (which will be subject to tax as HMRC will deem this to be home to work mileage); or
 - a lump sum payment of up to £5,000.
- 4) The lump sum payment will be calculated on the basis of the payment which would have been incurred had the excess mileage rate been claimed, with the maximum of £5,000.
- 5) If an employee in receipt of the lump sum leaves the Council's employment within two years, they will be required to repay the assistance given. The amount will be reduced by one twenty fourth for each completed month of employment in that period.