



## Introduction

We work in an environment subject to constant change, where to be successful the Council needs to be able to respond and adapt to meet changing requirements. Inevitably this means that there will be times when these changes impact on employees' pay.

The procedure is intended to ensure that employees are provided with an initial period of protection during which they are able to adjust to a reduction in earnings, in accordance with the principles of the Management of Change Policy.

## Scope

This procedure applies to all employees of the County Council including schools except teachers and firefighters who are covered by their own procedure which are laid down in their national or local conditions of service.

It is expected that governing bodies of all community and voluntary controlled schools would adopt this procedure. Foundation and voluntary aided schools and academies are encouraged to do the same.

## Summary

### When will pay protection apply?

This procedure applies in cases where the pay level of an employee is adversely affected as the result of:

- Organisational change/restructure
- Changes to their role as the result of service needs
- Implementation of a pay and grading review
- An employee changing job as a result of a reasonable adjustment following a health issue as covered by the Equality Act 2010.

The costs of protecting employees pay as a result of these processes/changes will be met by the preceding employing Directorate and the potential for pay protection costs must be taken into account in the business case for change.

In a school setting the costs of protecting employees pay will be met from the existing school budget and the potential for pay protection costs must be taken into account by Governors in the business case for change.

### **When will pay protection not apply?**

The procedure will not apply:

- Where hours are changed by the employee or the employer.
- Where there is transfer to a lower graded job as a result of disciplinary action, capability or at the employee's own request.
- In cases where hours are changed as a result of organisational change / restructuring
- At the end of a fixed term contract. In this instance staff may be eligible to apply for other positions using the Alternative Employment Programme. If a new position is secured pay protection will not apply.
- To temporary arrangements such as: Secondments, temporary promotions, acting up arrangements and internal transfers. At the end of the temporary arrangement employees will revert back to their substantive role.

The Pay Protection working guidelines contain information regarding circumstances where pay protection may apply.

### **What is protected?**

For those employees that qualify for Pay Protection, their existing pay level (as defined below) will be protected on a "mark time" basis. This means that pay will be frozen at the existing level for the duration of the protection. The pay protection period will be for a maximum of 12 months, or, until the new level of pay is equal to the protected level, whichever is the earlier. Employees will not progress from level A to B, receive annual increments / pay awards or cost of living increases during the period of protection.

If the rate of pay is adversely affected, protected pay shall be:-

- the average earnings arising from basic pay,
- other regular/contractual payments or allowances (except those below). Regular payments are ones that have been paid every week over the 13 week reference period or if paid monthly paid every week in the previous 3 months prior to implementation.
- performance related payments

- contractual additional hours (up to a maximum of 37 hours per week)

The level of protection will be based on the employees substantive post averaged over the 3 months prior to implementation (if paid monthly) or the 13 weeks immediately prior to the change.

### What's not protected?

Pay protection will not apply to:-

- Acting up
- Call out payments
- First Aid payments
- Honorarium
- Increases in grade brought about by additional Job Working Circumstances (JWC) points. Protection will only apply to base grade not final grade
- Market supplements
- Non-contractual additional hours
- Non-contractual overtime
- Non-contractual premium payments
- Professional fees
- Payments relating to cars and mileage
- Responsibility payments
- Stand-by
- Any other non-regular payments

### When will pay protection end?

Pay protection will normally cease at 12 months from the date of commencement, after which time the new/changed salary rate will apply.

Pay protection may cease earlier when:

- The employee's pay in the new job reaches or exceeds the level of pay protection.
- The employee obtains a new job with the Council which offers a salary equal to, or, exceeding the employee's protected salary.
- The employee chooses to apply and is appointed to a post at a lower level than the protected pay
- The employee voluntarily reduces hours during the protected pay period.

In the event that an employee obtains a new job which offers a higher salary than the job which was accepted as an alternative to redundancy, but still lower than their protected salary, then the employee's salary will continue to be maintained at a level that ensures they do not suffer a detriment for the remainder of the pay protection period.

At the end of the period of Pay Protection the employee's salary will reduce to the maximum point of the new salary grade for the new post.

## What happens if I am off sick or on maternity leave during the pay protection period?

Any entitlements to Sick Pay, Holiday Pay, Maternity and Adoption Pay will be paid at the protected salary rate for the protected pay period, after which time the new/changed salary rate will apply.

## Responsibilities

Employees are expected to:

- To make serious and conscientious effort to secure appointment to suitable vacancies to which they are directed by the Council.
- To cooperate with all reasonable measures designed to help the Council reduce the cost of protected pay.

In the event that an employee who is in receipt of Protected Pay does not comply with these obligations, their pay protection may be withdrawn.

Managers are expected to:

- Follow this procedure, seeking professional advice from their operational HR team where necessary.
- Provide employee Support - support and assist employees in receipt of Pay Protection, to secure employment at the salary level they previously held, or, alternatively, other suitable employment.

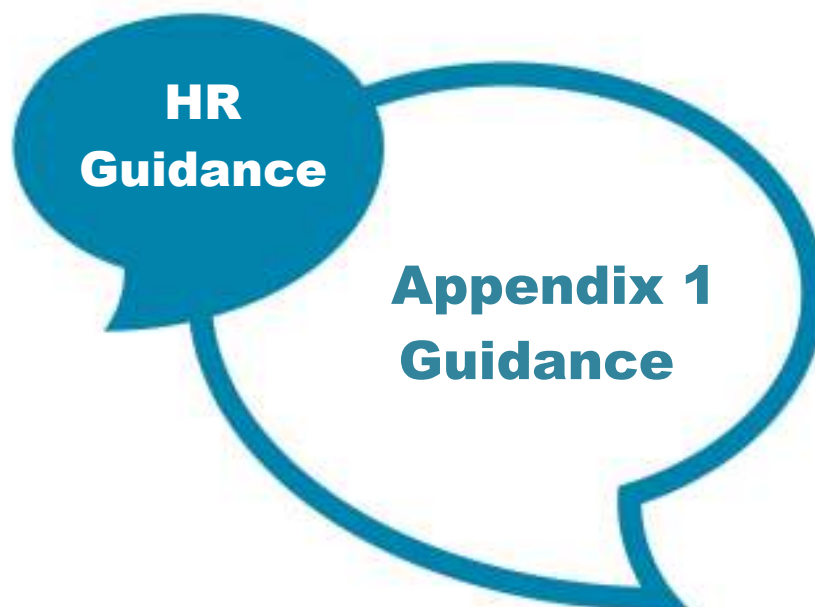
HR is expected to:

- Provide professional advice and guidance to managers on the implementation of this procedure
- Record and monitor the implementation and outcomes of this procedure to ensure consistency and fair treatment
- Regularly review this procedure
- Monitor the implementation of this procedure for consistency and equality across the equality strands
- Investigate any unequal or adverse impacts on these strands
- Publish the results of findings of this monitoring process.

For Schools:

Name of School:	North Walney Primary, Nursery and Pre-school
Date by which School have adopted procedure:	18 <sup>th</sup> January 2016

**AUGUST 2015**



## Pay Protection – Guidance

Where the substantive post is already protected and the employee starts a temporary arrangement.

Where an employee temporarily changes role to a higher graded post than the existing level of protection, Pay protection will cease for the period of the temporary arrangement.

Pay protection will resume at the end of the temporary arrangement to the level in the substantive post and will continue to the end date of the original pay protection period i.e. if pay protection in the substantive post runs from 1 January to 31 December and the temporary arrangement is offered from 1 May to 31 August. Protection will be paid from 1 January to 30 April and then 1 September to 31 December.

Where an employee undertakes a secondment with an external employer.

An employee, who is seconded to an external organisation (host organisation) and is paid a higher salary than their substantive post, will not receive pay protection when they return to CCC in either their substantive role or any other role unless their substantive role still has an outstanding period of protection.

Where the employee starts a temporary role which is then downgraded.

In normal circumstances pay protection will not apply. Management may want to consider ending the temporary arrangement and appointing again based on the new terms and conditions.

However, where an employee has been appointed to a temporary role and has been in the temporary post **for more than 12 months** and then suffers a reduction in salary the protection will be based on the old temporary salary until the temporary role ceases or for 12 months whichever occurs earlier.

If the temporary arrangement continues past the 12 months they will then revert to the new salary of the temporary post or if the arrangement ends they will then revert back to their substantive role. Should the temporary role change significantly and the salary, after protection has ended, is lower than their substantive role then the arrangement will cease.

Where the substantive post is re-graded whilst the post holder is undertaking a temporary arrangement.

If whilst undertaking a temporary arrangement an employee's substantive post salary changes, then the notice of the change will be given and 12 months protection will run from the date of the notice. Therefore if they return to the substantive role 6 months after the notice of the change, they will receive 6 months' pay protection based on the substantive roles previous salary.

Employee's substantive role is changed as a result of two restructures at different times – what happens to pay protection.

If an employee is in receipt of pay protection and is then subject to a further reduction in salary due to a restructure then each reduction will have a 12 month pay protection period that will run concurrently with each other until the first pay protection period expires and is succeeded by the second.

For example,  
 Starting salary = £22,000  
 First restructure salary = £21,000 Change as at 1 January  
 New Restructure Salary = £20,000 Change as at 1 April

In this example, the employee receives pay protection on their original salary of £22,000 for 12 months from 1 January to the 31 December and then subsequently receives pay protection on their second salary of £21,000 (from 1 April to 31 March) As they run concurrently the second pay protection will be paid only once the first has finished so for the remaining 3 months up to 31 March. Therefore in total, the employee will be in receipt of pay protection for 15 months (albeit at 2 different amounts). After which, both sets of pay protection will expire and they will be in receipt of their final salary of £20,000.

My hours have been changed as a result of a restructuring.

Pay protection will not apply.

During a positive attendance meeting it has been identified that the employee can no longer undertake their role due to a disability. They are moved to a lower graded role as a “reasonable adjustment”.

Provided their illness is a “disability” as defined in the Equality Act 2010 then their basic pay will be covered by 12 months’ pay protection. No protection will apply for other (non-disability related) health issues or where the employee makes a request to move roles.

I am a member of the pension scheme – how will the reduction in salary affect my pension?

For further information regarding any potential impact on pension provision please contact Your Pension Service:

Your Pension Service, PO Box 100, County Hall, Preston, Lancashire, PR1 0LD

Tel: 0300 123 6717

E-mail: [askpensions@lancashire.gov.uk](mailto:askpensions@lancashire.gov.uk)