



# Pay Protection Policy

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## **1.Introduction**

Pay Protection supports employees who have their pay reduced in certain situations, by giving them an amount of personal pay protection for a maximum of three years to enable them to adjust to their new circumstances.

## **2. Scope & Eligibility**

This policy applies to any Emersons Green Town Council employee who has their pay reduced due to:

- permanent redeployment to a lower graded post i.e. in situations of workforce changes or on medical grounds (supported by Occupational Health – see Managing Ill Health & Sickness Absence Policy) or
- a permanent re-grading of a post to a lower pay grade via Job Evaluation or grading review.

Pay protection will not apply to pay reductions as a result of a performance procedures, if an employee voluntarily applies for and is appointed to a lower graded post or when an employee returns to a substantive post following a temporary appointment e.g. secondment.

## **3. What is Pay Protection & How is it Calculated?**

Employees who are eligible will receive the pay rate for their new post/lower grade plus a separate personal pay protection amount for a maximum of three years from the date of the change. Pay protection payments will start upon permanent appointment to the new lower graded post or effective date of lower grade.

The new salary with pay protection will not be higher than the previous salary. The personal pay protection amount is recalculated when the salary of the occupied post changes, e.g. if there is a national pay award that increases the pay rate of the occupied post, the employee's pay would increase with the pay award and the personal pay protection amount would decrease by the same amount as the increase. As a result, the employee's total pay would remain at the protected level.

Where the hours or working weeks of the new post are different from the hours or working weeks worked by the employee in their previous role, the pay protection only applies if the employee's annual salary would be less in the new job than they earned in the old job. The protection is calculated pro-rata based on the hours/working weeks of the new post.

Please note that any enhancement or premium payments payable within the new role/new grade are based on the employee's salary for the new job, without the protected pay element.

Some Pay Protection calculations and examples are shown in Appendix 1 to this Policy.

#### **4. Pay Protection Timescales**

Pay protection payments will start upon permanent appointment to the new lower graded post or effective date of lower grade.

Pay protection will continue for a maximum of three years from the date of the reduction in grading or the appointment to the lower graded post. If the pay for the new role/grade rises to the same level or overtakes the total protected pay at any time during the three-year period, the pay protection will end.

At the end of the three-year period the employee will be paid the new salary relative to the current position, incremented to the level in line with the period in the current role.

#### **5. Pay Protection and Pension**

The Pay Protection amount is not subject to pension deductions.

When moving to a lower graded post, pension accrued in the higher graded post will be protected and a new pension automatically started based on the lower grade.

#### **6. Pay Protection – Call-out and Overtime**

In instances where employees are subject to a reduction in earnings relating to call out situations as a result of Workforce Changes, the Council's Personnel Committee has the discretion to grant Pay Protection in full for the Call Out elements only, for a three-year period.

This will not apply to overtime situations.

#### **7. Appendix 1 – Pay Protection Calculations and Examples**

In order to calculate the pay protection amount for eligible employees (see Section 2), you first need to determine if the employee will be paid less in their new role than they received in their old role.

You will need to following information:

1. Current Salary (A)
2. Salary of new role (B)

**Please note:**

- If any employee has chosen to apply for and is appointed to a lower graded role i.e. it is a voluntary change, pay protection will not apply.
- In cases where a compulsory change of grade is being applied but an employee chooses to reduce their hours, the current salary (A) for the calculations should be based on the new hours (see Example 2).

**Example 1**

Employee X is being redeployed from a HAY09 role (currently paid SCP 26, 20 hours per week) to a HAY10 role (SCP 18-21 range), increasing to 22 hours per week.

**Current Salary (A)** £12,647.56 (£23,398 pro rata)

**New Salary (B)** £10,744.32 (£18,070 pro rata)

**Pay Protection amount** £1,903.24

Each year the pay protection amount will decrease based on the salary increment at HAY10 plus any cost of living awards. At the end of the 3 years the post holder will be assimilated to the point they have reached through incremental progression on the HAY10 scale.

**Example 2**

Employee Y is being redeployed from a HAY07 role (currently paid SCP 32) full time to a HAY09 role (it has been agreed they will go straight to the top of SCP 26), they are voluntarily wishing to reduce hours to 18.5 per week

**Current Salary (A)** £28,485

**Current Salary (A)** new hours £14,242.50

**New Salary (B)** £11,699 (£23,398 pro rata)

**Pay Protection amount** £2,543.50

Each year the pay protection amount will alter based on cost-of-living awards