

# **DUNDEE CITY COUNCIL**

**REPORT TO:** Personnel and Management Services Committee

**REPORT ON:** Protection of Employees' Earnings

**REPORT BY:** Director of Personnel and Management Services

**REPORT NO:** 418-2000

## **1 PURPOSE OF REPORT**

- 1.1 To consider provisions for a local agreement on protection of earnings for Local Government Employees (i.e. those employees covered by the 'Red Book') whose jobs are downgraded, or who are redeployed to a lower graded post, as a result of departmental re-organisations.

## **2 RECOMMENDATIONS**

It is recommended that:-

- 2.1 where necessary, Local Government Employees affected by redeployment or grade reductions, resulting from departmental restructurings or reorganisation, be afforded cash conservation protection of their contractually assured earnings at the time of change, for a period of three years; and
- 2.2 subject to the circumstances, consideration be given to an appropriate one off buyout, where an employee eligible for protection under 2.1 above so requests.

## **3 FINANCIAL IMPLICATIONS**

- 3.1 There are no quantifiable costs arising from this report. Where circumstances result in the need to protect employees' earnings, the costs will be contained within the budget of the department concerned.

## **4 LOCAL AGENDA 21 IMPLICATIONS**

- 4.1 The recommendations of this report support Local Agenda 21 in that they would facilitate the efficient use of resources.

## **5 EQUAL OPPORTUNITIES IMPLICATIONS**

- 5.1 The proposed arrangements would apply to all Local Government Employees (i.e. those employees covered by the 'Red Book').

## 6 BACKGROUND

- 6.1 Prior to the Single Status Agreement/Red Book, which came into force on 1 July 1999, APT&C employees, displaced by departmental re-organisations or re-structurings into lower paid jobs were allowed to retain their original grades and/or conditions of service as personal preservations.
- 6.2 At its meeting of 12 October 1998, the Personnel and Management Services Committee agreed that Manual Workers should be afforded similar protection for a period of one year. (It was noted at that time that the compensation provisions might be subject to review, as a result of the Single Status negotiations then underway.)
- 6.3 The Single Status Agreement provides three years' cash conservation for Local Government Employees, whose post grades and remuneration are reduced as a result of the job evaluation exercise, which is to be completed by 1 April 2002. Apart from this very specific situation, the National Agreement contains no reference to protection of employees' earnings in any other circumstances.
- 6.4 COSLA advice to Councils has confirmed that the previous national protection arrangements no longer apply, which means that any protection to be afforded in the event of local re-structurings will require to be agreed locally. A local agreement is regarded as an essential component in gaining the acceptance and co-operation of trade unions and employees in such circumstances.
- 6.5 The Chief Executive and the Director of Personnel and Management Services have already suggested to the trade unions that suitable protection arrangements should be agreed locally for application to departmental re-organisations and other similar situations. However, protection of earnings was one of a number of subjects due to be discussed by the Joint Secretaries of the Scottish Joint Council and the trade unions were unwilling to make local agreements at that time.
- 6.6 The Chief Executive was conscious that changes in methods of working, or minor re-structurings resulting in the need to redeploy employees, could occur at any time and deemed it desirable to have some interim protection arrangements in place to facilitate progress as and when necessary. As a result, the Personnel and Management Services Committee, at its meeting of 6 December 1999, approved that, if required, temporary personal preservations of grades and/or conditions of service would be applied to all former APT&C and Manual Workers during the period up to 31 March 2000, pending the outcome of discussions between the Joint Secretaries to the Scottish Joint Council on the issue of preservations of grades. It was also agreed that, if no resolution was arrived at by 31 March 2000, a further report would be submitted to Committee. In the event, the Joint Secretaries did not resolve the matter and the Personnel and Management Services Committee, at its meeting of 20 March 2000, agreed to continue temporary protection during the period up to and ending on 30 June 2000.
- 6.7 The indications are that discussions at national level, on protection and a number of other issues, will not produce a national solution. Consequently, it is now considered appropriate to pursue a local agreement.

**7 PROTECTION PROPOSALS**

**7.1 Earnings to be Protected - Definition**

The main component of an employee's remuneration package is his/her basic wage or salary. However, a number of other elements may be added to this, e.g. shift allowance, bonus, weekend working, contractual overtime, standby, etc. It could be argued that, if a nightshift worker has to be redeployed to daywork, then the basic grade should be protected, but as the inconvenience of nightshift no longer applies, the shift allowance should cease. However, employees who are accustomed to a certain level of income are more likely to resist operational change if it means an immediate reduction in earnings. It is, therefore, proposed that any protection offered should be based on an employee's assured level of income, i.e. his/her contractual entitlements. Accordingly, night shift allowance would be included in the case of an employee required to work nights. Similarly, any contractual overtime would be included but any voluntary overtime, regardless of how regular or customary, would not be included.

**7.2 Duration of Protection**

The local agreement for former Manual Workers is based on one year and the Red Book affords three years' cash conservation following job evaluation. Equal opportunities advice suggests that protection in excess of three years could leave employers vulnerable to equal pay claims on the basis of equal value comparisons. Protection might therefore be offered for a period of anywhere between one year and three years. However, from an individual employee's point of view a reduction in grade (and income) resulting from a departmental restructuring is no different from a similar reduction resulting from job evaluation. It is therefore proposed that protection should be three years cash conservation of the assured contractual remuneration level, as defined in 7.1 above.

**7.3 Buyout**

An appropriate one-off buyout might be a possible alternative to protection over a three year period and any request from an employee to this effect would be considered by management in the light of all the circumstances.

**8 CONSULTATION**

8.1 The Chief Executive, Director of Support Services and Director of Finance have been consulted on this report. Consultation has also taken place with the trade unions.

**9 BACKGROUND PAPERS**

9.1 No background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information), were relied on to any material extent in preparing this report.

**10 SIGNATURE**

J.C. Petrie  
Director of Personnel and Management Services .....

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