

TRAFFORD COUNCIL

Report to: Employment Committee
Date: 10 September 2018
Report for: Information
Report of: Sara Saleh, Corporate Director of People

Report Title

Holiday pay for additional remuneration

Recommendations

That the content of this report is noted.

Relationship to Policy Framework/Corporate Priorities	These proposals align with the council's Corporate Priorities in respect to 'Low Council Tax and Value for Money' and 'Reshaping Trafford Council'.
Financial	There is a financial impact which has been estimated for central function at approximately £69k per annum and one off back pay in the year 2018/19 of up to £69k. For community, voluntary controlled and voluntary aided schools on our payroll, it is estimated at £25.5k per annum and one off back pay in the year of up to £25.5k.
Legal Implications:	Case law is such that we now have to ensure that pay for annual leave reflects 'regular and normal pay' and so we must implement enhanced payment for annual leave where appropriate.
Equality/Diversity Implications	None
Sustainability Implications	None
Staffing/E-Government/Asset Management Implications	We need to ensure that we pay staff appropriately as not doing so could risk losing staff to organisations who do make these payments.
Risk Management Implications	See Legal Implications section.
Health & Wellbeing Implications	None
Health and Safety Implications	None

1. Background

- 1.1 Successive case law over recent years has concluded that holiday pay for the 20 statutory days of annual leave should reflect 'regular and normal pay'. This means that there is a requirement to enhance pay when leave is taken to reflect overtime, additional hours, sleep-ins and; standby/on-call undertaken.

- 1.2 A GM task and finish group was set up to explore the issues/implications surrounding payments to employees whilst on holiday; with a view to gaining some consistency of approach when tackling the issues within each Council. The group explored several options and sought legal advice from NWEO and the LGA. They agreed that the fairest and most practical solution is to add a percentage enhancement to relevant payments.
- 1.3 The Council's preferred option in relation to the enhancement, is that we add a percentage based on taking 20 days statutory leave, divided into 261 available working days giving 7.66%. The payments were to be effective from August 2018 or the next suitable payroll, with a date from which payments would be backdated to be determined further to negotiation and agreement with the unions.
- 1.4 It was estimated that the cost of these additional payments will be in the region of £69k per annum with a one-off back pay liability of up to £69k.
- 1.5 Further to CLT sign-off, the proposal was taken to the Employment Committee meeting on 2nd July 2018, at which they requested that an update report be shared at the next meeting.

2. Union discussions

- 2.1 HR held a meeting with our Trade Unions on 18th July 2018 - Unison and GMB were invited - however there was only representation from Unison in attendance.
- 2.1 HR talked them through a presentation which explained the case law changes and the agreed approach within Trafford, i.e. the 7.66% uplift on relevant allowances. It was proposed that there would be back-dated payments to 1st April 2018, being the beginning of the financial year in which the changes are being implemented.
- 2.2 Union colleagues were advised that the initial plan had been that payments would be effective from August 2018, to central function employees and schools employees would be considered after this. However due to the process for implementation not being as straightforward as first anticipated, implementation is now likely to be some time in autumn (see reasons for this in section 3).
- 2.3 The presentation and minutes of the meeting were circulated around Unison and GMB representatives. No issues were raised either at or following the meeting in relation to the approach being taken. i.e. a percentage enhancement of 7.66% on all relevant elements and the date for which payments would be back-dated to.

3. Implementation plan

- 3.1 Initially we had aimed to start making the payments in August 2018 or as soon as possible after this date and at the outset only central function employees were in scope. Schools were to be considered at a later time as it was anticipated the impact on schools would be low and also schools need to be engaged with, in an appropriate manner, dependant on the type of school. However on working with GMSS on the implementation plan, due to the process by which payments for additional commitments are made, it became clear that schools would have to be considered at the same time.
- 3.1 Analysis of additional hours and overtime undertaken by employees in community, voluntary controlled and voluntary aided schools, who use our payroll service, was undertaken for the most recent year (July 2017 to June 2018). This showed that the estimated combined annual cost is £25.5k with one-off cost of backdated payments of up to around £25.5k. For the two groups of schools the breakdown as follows: community, and voluntary controlled is £18k; voluntary aided is £7.5k.
- 3.2 When the new term starts we will be engaging with schools regarding the changes – different approaches need to be taken for community and voluntary controlled and voluntary aided, and academies and foundation schools, due to the differing employment relationships. Once the position is known in terms of whether we can apply the payments to the staff in all schools affected, we can progress towards implementation.
- 3.3 As we prepare for implementation a communications plan will be agreed for staff and managers so they understand what the enhanced payment is for. For the central function this will include:
- Direct messaging to managers of services where staff undertake the commitments in scope for the payments.
 - E-mail cascade messaging to managers to raise awareness.
 - General messaging to all staff via the intranet.
 - Direct letter to staff who receive back-dated payments (they are also likely to receive future payments).

The communications for schools may be slightly different due to the Council's relationship with the different types of school and their staff.

4 Conclusion

- 4.1 We are continuing to work through the implementation plan to start adding enhancements on pay for relevant extra commitments, to compensate for not receiving additional annual leave. It is expected that payments will start at some point over the autumn period, with back-dating at the same time or to follow. Employees will not be disadvantaged by the delay in implementing this change as they will receive back-dated payments to the same date regardless of the date we commence the payments.

4.2 Employment Committee is recommended to note the content of this report.