

EAST HERTS COUNCIL

LOCAL JOINT PANEL – 3 DECEMBER 2008

REPORT BY SECRETARY TO THE EMPLOYER'S SIDE

6(D) METHODOLOGY FOR THE PAYMENT OF UNTAKEN ANNUAL LEAVE

RECOMMENDATION - to approve and adopt the 1/260<sup>TH</sup> of annual salary calculation for the payment of untaken leave and the deduction of reclaimed and unpaid leave.

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1.0 Purpose/Summary of Report

1.1 This report compares the approach taken by other Councils on the methodology used to pay staff for untaken annual leave.

2.0 Contribution to the Council's Corporate Objectives

2.1 Fit for purpose, services fit for you.

3.0 Background

East Herts currently pay accrued annual leave at a rate of 1/365<sup>th</sup> of annual salary per day when an employee leaves the Council.

At the LJP on the 17 September 2008 staff side submitted a report recommending that pay deductions for strike action be calculated on the basis of 1/365<sup>th</sup> of annual salary, consistent with the calculation of payment for untaken leave at the end of employment.

It was agreed that, following strike action, pay would be deducted based on 1/260<sup>th</sup> of salary and the Head of People and Organisational Services was asked to report back at the next meeting on the approach taken by other Councils when paying staff for untaken annual leave.

## 4.0 Report

### 4.1 Comparison

All the District Councils and the County Council in Hertfordshire were asked how they pay and deduct employee's salaries with regards to accrued annual leave, reclaimed leave, unpaid leave and strike action. Out of the eleven local authorities five use the 1/260<sup>th</sup> calculation.

However, all the authorities use the same methodology for the payment of annual leave and the deduction of salary for unpaid leave or strike deductions. (See Appendix 'A', page 6.128) for further details)

### 4.2 EERA Regional Employers

Regional Employers advise that payments and deductions from salary are based on the same calculation.

The LGE recommend that deductions from salary for industrial action are based on 1/260<sup>th</sup> and as East Herts adheres to this recommendation it would be prudent to use this methodology for all other calculations.

### 4.2 Cost

See Appendix 'B' (Page 6.129)

### 4.3 Benefits

Adopting the proposed calculations will ensure that the methodology for both the payment of accrued leave and deductions from salary (unpaid leave, industrial action) is consistent and fair.

## 5.0 Consultation

5.1 Unison have been consulted on this proposal.

## 6.0 Legal Implications

6.1 As detailed in the report.

7.0 Financial Implications

7.1 As detailed in the report

8.0 Human Resource Implications

8.1 As detailed in the report

9.0 Risk Management Implications

9.1 Not Applicable

Background Papers

Pay deductions for Strike Action, LJP Report by the Secretary of the Staff Side 17 September 2008

Minutes, LJP 17 September 2008

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**APPENDIX 'A'**

**AGENDA ITEM 6(D)**

COUNCIL	Annual Leave Pay / Unpaid Leave / Reclaimed Leave / Strike Deductions
East Herts	1/365 <sup>th</sup> (Leave) 1/260 <sup>th</sup> (Strike Deductions)
Broxbourne	Manual Workers: 1/260 <sup>th</sup> Office Workers: 1/365 <sup>th</sup>
Dacorum	1/365 <sup>th</sup>
Hertsmere	1/365 <sup>th</sup>
St Albans	1/365 <sup>th</sup>
Watford	1/365 <sup>th</sup>
North Herts	1/260 <sup>th</sup>
Stevenage	1/260 <sup>th</sup>
Three Rivers	1/260 <sup>th</sup>
Welwyn Hatfield	1/260 <sup>th</sup>
Herts County Council	1/260 <sup>th</sup>

## APPENDIX 'B'

### AGENDA ITEM 6(D)

#### Annual leave payments

<b>Year</b>	<b>Calculated 365ths</b>	<b>Calculated 260ths</b>	<b>Difference (increase)</b>
<b>2006/2007</b>	<b>£13,879.50</b>	<b>£19,484.68</b>	<b>£5,605.18</b>
<b>2007/2008</b>	<b>£9,922.93</b>	<b>£13,930.27</b>	<b>£4,007.34</b>
<b>April 2008 – Aug 2008</b>	<b>£4,756.25</b>	<b>£6,677.04</b>	<b>£1,920.79</b>

In 06/07 we paid £13,879.50 annual leave calculated at 365ths, this figure would have been £19,484.68 calculated at 260ths. Difference of £5,605.18

In 07/08 we paid £9922.93 annual leave calculated at 365ths, this figure would have been £13930.27 calculated at 260ths. Difference £4007.34

April 08 to Aug 08 we paid £4756.25 annual leave calculated at 365ths, this figure would have been £6677.04 at 260ths. Difference £1920.79

Bear in mind the above payments include some exceptional payments and are not typical.

The strike deduction this year at 365<sup>ths</sup> was £11,930.41 but would have been £16,748.46 at 260ths. Difference of £4,818.05.