Transport for Wales Rail Ltd

Llys Cadwyn Relocation Compensation Consultation Document

15 February 2021

Background

The Keolis Amey original grant agreement (GA) provided that a number of Head Office based roles would be relocated to the Transport for Wales new premises at Llys Cadwyn, Pontypridd (LCN). The break clause in the St Marys House lease was activated and colleagues based there were identified as being in scope to transfer to Pontypridd. Initial consultations about the relocation were undertaken with Trade Unions and individuals, and it became apparent that some individuals would be entitled to compensation, arising from "Promotion, Transfer and Redundancy" provisions of the Red & Yellow Books.

The Company has sought to review and understand the liability arising from this compensation provision and create a more flexible and progressive approach to ensuring those entitled to, can receive compensation that suits their personal circumstances and preferences.

Therefore, the purpose of this Consultation is to engage the input and support of our Trade Union partners to develop and agree the compensation proposition for employees.

From the outset it is important to understand that a critical component of the value of compensation is the number of journeys an eligible employee will make to the new location. We have seen throughout the pandemic it is possible, and more importantly often desirable, for colleagues to work from home. There are numerous advantages for the individual, the Company and the environment to have greater freedom in the choice of where we work, however there are some drawbacks for being permanently home-based. Therefore during this consultation we must remain mindful that further discussion and consultation around the "hybrid" working arrangements will need to be had.

Compensation Provisions

Relocation compensation becomes relevant where an employee is required to change their normal place of work (Cardiff offices to Pontypridd) and there is an increase in the daily travel time, and/or distance if traveling by car. As such the Personal Daily Travel Allowance and Mileage Allowance provisions of the Red Book are relevant. Some colleagues who are currently based in Cardiff offices will have had as part of their terms and conditions on joining (or promotion) that they will be moved to Pontypridd and as such would not be eligible for compensation given they had accepted their role on that basis and understanding.

Mileage allowance

Colleagues are encouraged to commute to work by train and utilise their travel facilities wherever reasonably practical. Where journeys cannot be made by rail, due either to the time of day and/or the employee's specific journey to work, each eligible colleague is entitled to claim a mileage-based payment; this is not time bound.

The increase in daily mileage is calculated and reimbursed at normal HMRC rates, that is 45p per mile for the first 10,000 miles per annum.

Personal Daily Travel Allowance (PDTA)

Where a colleague incurs additional travel time to the new place of work, a Personal Daily Travel Allowance (PDTA) is claimable based on the additional time at the individuals hourly rate. The payment is capped at the daily (£20.65) and weekly (£103.26) lodging allowance rates described in the Red Book and is claimable for up to six years on a sliding scale of:

Years 1 – 3:	100%
Year 4:	75%
Year 5:	50%
Year 6:	25%

Claiming compensation

The currently recognised process for receiving compensation is for eligible colleagues to submit periodic claims for relevant expenditure which are processed manually and requires a level of administrative resource. There is an opportunity to review this and consider more automated approaches, such as using door access usage which is controlled by electronic identification cards.

Other options to be considered

AVC lump sum

Our Pensions Manager has confirmed that an additional voluntary contribution towards pensions is a tax efficient alternative method to provide these benefits to the employee, however the contribution should only be paid into the AVC Extra or IWCC schemes which are defined contribution. Making payments into the employees regular defined benefit scheme will create unintended additional liabilities to the overall pension fund and is to be avoided.

It is proposed a payment equivalent to the net benefit to the employee over 6 years is paid directly into each individuals aforementioned DC scheme. This does not attract any additional cost to the employer and, provided the employee remains within their own personal annual tax-free pension allowance (£40k), there are no reductions to their contribution.

We propose to pay this benefit staggered over 3 years to

- Ensure the individuals personal pension allowance is not exceeded; and
- Incentivise the employee not to leave having gained the full benefit on day 1

Time back

PDTA is in recognition of the extra travel time an individual incurs arising from the commute to the workplace. An alternative option is to offer to vary the individuals working hours according to their additional travel time. This would be limited by the individuals hourly rate against the PDTA, so for example:

Individual incurs additional 63 minutes travel per day and their annual salary is £52520, or an hourly rate of £27.30. PDTA is capped at £20.65 therefore their maximum daily time reduction would be (20.65 / 27.30 * 60) = 45 mins per day.

For some roles this lost time can be absorbed by other team members or found through other efficiencies, but for some roles this would not be so easily resolved, therefore this option should be discussed with the caveat that each individual would need to have agreement from their line manager.

Additional annual leave

Similar to the above, agreement could be sought to temporarily increase annual leave allowances according to the PDTA sliding scale and the individuals hourly rate. Again this needs to be caveated that agreement will be at the discretion of the line manager. This would also have to be capped at an acceptable amount, but could be offered in conjunction with either of the afore-mentioned options.

Considerations

The purpose for offering the above options is to provide genuine flexibility and support individuals circumstances and preferences, however ultimately business needs must prevail therefore, ultimately, any deviation from the PDTA provisions would be at the discretion of the Company. Different roles do have different requirements and expectations in terms of the optimal physical attendance in the office.

Individual consultation meetings between the line manager and colleague would need to be undertaken to understand eligibility, level of compensation claimable and the preferences of the individual. If agreement cannot be met at this level an appeal process will be available for the decision to be independently reviewed.

Next steps

Having presented these initial proposals to Management and Admin & Clerical Company Councils and the document revised with their thoughts and input, a more formal period of collective consultation is being entered into for a period of two weeks. At the end of this consultation period the Company will consider all additional feedback and finalise arrangements for relocation compensation.

Once the relocation compensation element has been resolved, plans for individual consultation will be formalised with the input and support of relevant trade unions, and communication and individual discussions will commence.

<u>Below is an excerpt from the Red Book which covers the PDTA</u>

STAFF TRANSFERRED TO POSITIONS INVOLVING ADDITIONAL DAILY TRAVELLING TIME AND/OR ADDITIONAL DISTANCE NOT REQUIRING MOVEMENT OF HOME

18. Personal Daily Travelling Allowance

A redundant employee, either married or single, who transfers to a vacancy on the Railway at a place where they would not normally be required to move their home, but involving additional travelling time, shall be paid a personal daily travelling allowance.

(a) (i) During the initial three years following the date of transfer the payment is to be at the ordinary rate, as for time worked, for the additional daily travelling time which the employee incurs in each direction between their home and the new place of work, subject to a maximum of the appropriate daily lodging allowance. The daily lodging allowance in this context is one-fifth of the redundant employee's weekly lodging allowance.

(ii) The allowance during the fourth, fifth and sixth years is to be based on three quarters, one half and one quarter respectively of the additional daily travelling time. Where during the initial three years the payment is limited to the maximum of the daily lodging allowance, the payment in the fourth, fifth and sixth years is to be ¾, ½ and ¼ respectively of the maximum of the daily lodging allowance.

(b) In the case of a member of staff employed on shift working the mean journey time should be established for the overall shift cycle of the post in which redundant and this should be compared with each of the actual journey times, to and from work, on the day for which payment is being made.

(c) The arrangements to terminate after a maximum period of six years from the date the employee takes up alternative employment unless exceptional circumstances are proved.

(d) The allowance is to be continued regardless of promotion, within the maximum overall period of six years, at the same location.