

REPORT TO PERSONNEL COMMITTEE

GROUP INCOME PROTECTION INSURANCE



Report Reference P-20-01
Meeting Date 22nd February 2021
Agenda Item 5
Prepared by Town Clerk

1.0 BACKGROUND

In March 2020 the committee implemented a policy for all new staff to be employed on statutory minimum terms. Four members of staff (referred to as legacy staff) are employed on enhanced (Green Book) terms.

Legacy staff have a contractual entitlement to sick pay which, dependent upon length of service, can be up to six months at full pay followed by six months at half pay. New staff are only entitled to statutory sick pay

In October the committee resolved to purchase a Group Income Protection (GIP) Insurance to insure against any instances of long-term sickness absence in the legacy staff. The introduction of the insurance does not affect legacy staff contractual terms. The insurance provides cover for the council, not the individual.

2.0 OVERVIEW OF POLICY

The full GIP terms have been circulated to the committee.

In the event of a member of legacy staff being on long term sickness absence the council's obligations and cover will be as follows:

Period ¹	Council Pays	Council Receives
M 1-2	100% salary, NI and pension	Nil
M 3-6	100% salary, NI and pension	75% salary, NI and pension
M 7-12	50% salary and NI, 100% pension	75% salary, NI and pension
M 13-24	Nothing	75% salary, NI and pension

The council would have the option to pay a member of legacy staff during the M13-24 period should it wish to do so. The council would also have the option to increase the pay during M7-12 to 75%. In both instances it would be discretionary, the council would be equally entitled to retain the insurance payment and not make additional payments to staff which would offset the uninsured costs in M1-6.

The Cheshire Pension Fund has confirmed that full employer pension contributions would be required during periods of sickness reducing actual pay. The council's employer national insurance contributions are a percentage of pay and would reduce accordingly.

¹ For legacy staff with less than 5 years' service the period of full pay and half pay will be reduced.

The policy is subject to a medical for each member of legacy staff otherwise cover is limited to £10,000 for that employee. The medical may affect the premium.

Under the insurance terms, the council must notify the insurer at the end of the fifth week of absence. The insurer will assign a specialist to work with the council and employee to facilitate a return to work.

3.0 DECISIONS REQUIRED

There are no decisions required; the policy is being put in place and does not affect the terms of employment for legacy staff who will remain entitled to sick pay as per their contract of employment.

The committee should consider whether there is any further information it requires.