

Item 12

SEDGEFIELD BOROUGH COUNCIL

EMPLOYMENT ISSUES PANEL

Conference Room 1,
Council Offices,
Spennymoor

Monday,
21 July 2008

Time: 2.00 p.m.

Present: Councillor A. Hodgson (Chairman) and
Councillors A. Gray, G.C. Gray, Mrs. E. Maddison and A. Smith

Apologies: Councillors B. Haigh and D.M. Hancock

EIP.1/08 DECLARATIONS OF INTEREST

Members had no interests to declare.

EIP.2/08 MINUTES

The Minutes of the meeting held on 18th March 2008 were confirmed as a correct record and signed by the Chairman.

**EIP.3/08 LOCAL GOVERNMENT RE-ORGANISATION: HARMONISATION OF
EARLY RETIREMENT/VOLUNTARY REDUNDANCY (ER/VR) SCHEMES**

Consideration was given to a report of the Chief Executive detailing proposals to implement a harmonised Early Retirement/Voluntary Redundancy (ER/VR) Scheme across all County Durham authorities, which would replace the Council's existing ER/VR scheme. (For copy see file of Minutes).

Members were informed that Councils could use, where appropriate, the powers available to them under the Local Government (Early Termination of Employment)(Discretionary Compensation)(England and Wales) Regulations 2006 and the LGP Regulations 1997 and the LGPS (Amendment) Regulations 2006 to allow their employees to retire early or to offer voluntary redundancy in the interests of efficiency.

It was reported that in June 2008 the Government had issued guidance on the Local Government (Structural and Boundary Changes) (Staffing) Regulations 2008, which set out how it expected staffing arrangements to be handled during Local Government Re-organisation (LGR). The guidance encouraged Councils to explore harmonisation of their discretionary compensation arrangements prior to 1st April 2009.

Members' attention was drawn to the table set out in Paragraph 3.1.3 of the report, which showed the disparity in discretions across the eight authorities.

It was pointed out that in view of Government's recommendation that schemes should be harmonised, the Joint Implementation Team at its meeting on 11th

June 2008 had agreed proposals for a harmonised scheme, which would be considered and applied consistently by each authority.

The harmonised scheme would enhance the Council's existing arrangements for most employees by increasing the maximum number of added years from 3 to 5 and increasing the discretionary compensation multiplier from 2 to 2.75.

Members noted that if the Council did not implement the harmonised ER/VR scheme, it could face a significant risk of legal challenge on the grounds of fairness and equality.

It was pointed out that since the agenda had been issued, a revised copy of Appendix A had been circulated to Members of the Panel, which included a number of amendments to the proposed policy.

Specific reference was made to the eligibility restrictions that would apply based on existing legislation, which were set out in Paragraph 4.1 of Appendix A. They were:

- Applicants must have at least three months' total membership of the LGPS (or have bought an equivalent transfer value into the LGPS) and be aged between 50 and 75 years.
- Applicants must have 2 years continuous local government service before a redundancy payment or related discretionary compensation payment can be made.
- An augmentation (added years) award cannot be made unless applicants are members of the Local Government Pension Scheme.
- Applicants who are under 50 cannot have pension benefits released (but they can be awarded added years which would be deferred along with the accrued pension)
- Applicants who are under 55 can only have pension benefits released if the leaving date is before 1st April 2010 and joined the LGPS before 1st April 2008.

It was pointed out that should the policy be agreed by the Panel, it would become effective on 21st August 2008 and would remain as the unitary authority's ER/VR scheme for three years post vesting day, subject to any changes in legislative requirements.

With regard to the resource implications of the new proposals, it was explained that all costs associated with ER/VR cases relating to Local Government Reorganisation would be funded via a central transitional budget. Non-LGR related ER/VR cases arising prior to the vesting day would need to be dealt with via the Council's adopted policy at that time. Such cases would be dealt with via the usual business case analysis process would need to be funded via the Council's existing budget.

Specific reference was made to the original unitary proposal document which contained a list of areas where post reductions and therefore ER/VR cases could be expected.

- RESOLVED :**
1. *That the content of the revised ER/VR Policy (Appendix A) as amended be approved.*
 2. *That a revised Pension Fund Statement of Policy be re-issued to all employees of the Council who are Local Government Pension Scheme (LGPS) Members.*
 3. *That the Council Regulation 31 (Employee Initiated Retirement) Policy be re-named Regulation 30 to reflect the changes in the Local Government Pension Scheme Regulations 2008 (Paragraph 3.1 in Appendix A refers).*

EXCLUSION OF PRESS AND PUBLIC

RESOLVED: *That in accordance with Section 100(a)(4) of the Local Government Act 1972 the press and public be excluded from the meeting for the following items of business on the grounds that they may involve the likely disclosure of exempt information as defined in Paragraph 1 of Schedule 12a of the Act.*

EIP.4/08

APPLICATION TO RETIRE UNDER REGULATION 31 OF THE LOCAL GOVERNMENT PENSIONS SCHEME (LGPS)

The Panel considered a report of the Director of Housing regarding an application to retire early under Regulation 31 of the Local Government Pensions Scheme. (LGPS). (For copy see file of Minutes)

It was explained that Regulation 31 of the Local Government Pension Scheme (LGPS) allowed an employee, aged 50 or over to apply to the Council to retire early. Furthermore if age and contributory service, when added together total 85, the benefits could be paid on an unreduced basis.

The Panel considered the application taking account of the guidance set out in Section 3 of the report.

RESOLVED: *That the application to retire early under Regulation 31 of the LGPS be approved.*

ACCESS TO INFORMATION

Any person wishing to exercise the right of inspection in relation to these Minutes and associated papers should contact Gillian Garrigan 01388 816166 Ext 4240 email ggarrigan@sedgefield.gov.uk

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