



Chester-le-Street
District Council

Report to:	Council
Date of Meeting:	27 September 2007
Report from:	Joint Report of the Director of Resources and Head of Legal and Democratic Services
Title of Report:	The North East Assembly and the Association of North East Councils: Pensions Provisions
Agenda Item Number:	15

1. PURPOSE AND SUMMARY

The report seeks the Council's agreement to be party guarantor to the North East Assembly and the Association of North East Councils to enable them to be admitted as members of the Tyne and Wear Local Government Pension Scheme.

2. CONSULTATION

Corporate Management Team has been consulted on the report. Consultation has also taken place with the Durham County Chief Financial Officers Association.

3. CORPORATE PLANS AND PRIORITIES

The report does not directly support any of the Corporate Plan priorities.

4. IMPLICATIONS

4.1 Financial Implications and Value for Money Statement

There are no immediate financial implications. In the unlikely event of the Association winding up and all pensions becoming due, the cost to the Council would be £5,434.13 at the present time. If the overall deficit was to increase, then this authority's liability would increase proportionately, however, potential future effects cannot be determined.

4.2 Legal

The Council has the legal powers required to take this action as provided under s2 of the Local Government Act 2000.

4.3 Personnel

There are no personnel implications.

4.4 Other Services

There are no implications for other services.

4.5 Diversity

There are no equalities and diversity implications.

4.6 Risk

The risk is not within the control of this Council. As guarantor, however, the Council would be entitled to actuarial updates on the pension fund and the position would be monitored through triennial reviews undertaken by the pension fund actuary.

4.7 Crime and Disorder

There are no Crime and Disorder implications.

4.8 Data Quality

Every care has been taken in the development of this report to ensure that the information and data used in its preparation are accurate, timely, consistent and comprehensive. The Council's Data Quality Policy has been complied with in producing this report.

4.9 Other Implications

There are no other implications arising from the contents of this report.

5. BACKGROUND, POSITION STATEMENT AND OPTIONS APPRAISAL

5.1 Correspondence has been received from the Association of North East Councils and the North East Assembly. The Association and the Assembly have agreed last year to become separate organisations, with the support of all Authorities within the region.

5.2 One of the key issues to be determined is in relation to the position of staff pensions. Previously, the Association was responsible for the employment contracts of staff in both organisations and the Assembly needs to be able to enter into employment contracts with its own existing staff and future employees as a new separate organisation.

- 5.3 Currently all staff at both organisations are members of the Tyne and Wear Local Government Pension Scheme. Both the Assembly and the Association are seeking admission to the fund. Discussions with the pension fund administrators have concluded that there is no problem with the arrangements provided that both organisations have a guarantor.
- 5.4 South Tyneside Council was the guarantor of the pensions fund under the joint arrangements and has said that it is willing to continue to be a guarantor but has asked that the role be shared by all member authorities.
- 5.5 All authorities within the region have either already agreed to act as guarantors or are in the process of doing so.

All authorities have made, or are making this commitment, provided that all local authorities do likewise.

- 5.6 In agreeing to the proposal to act as guarantor it is not anticipated that any immediate or expected financial costs will be imposed on the authorities. Instead, authorities are being asked to provide a guarantee of pensions in the unlikely event that either organisation was to be wound up without the financial resources to meet pension liabilities.

6. RECOMMENDATIONS

- 6.1 It is recommended that the Council act as guarantor of the fund under the joint arrangement with the other local authority members of the North East Assembly and Association of North East Councils, provided that all other local authority members of the North East Assembly and the Association of North East Councils participate as guarantors.

Background Papers:-

Correspondence with South Tyneside Council
Correspondence with other local authorities in the region

AUTHOR NAME
DESIGNATION
DATE OF REPORT
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1.0

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