



Telford & Wrekin
C O U N C I L

Addenbrooke House Ironmasters Way Telford TF3 4NT

PERSONNEL COMMITTEE

Date	Thursday, 8 February 2018	Time	6.00pm
Venue	Meeting Room G3/G4, Addenbrooke House, Ironmasters Way, Telford, TF3 4NT		

Enquiries Regarding this Agenda:

Democratic Services	Stacey Worthington	01952 382067
Media Enquiries	Corporate Communications	01952 382406
Lead Officer	Sue Wilson, HR Manager	01952 383510

Committee Membership: Councillors **S Davies (Chair)**, **R A Overton (Vice Chair)**,
A J Burford, L Carter, N A Dugmore, A J Eade and W L Tomlinson

AGENDA

- 1. Apologies for Absence**
- 2. Declarations of Interest**
- 3. Minutes** Appendix A
To confirm the minutes of the meeting of the Personnel Committee held on 2nd February 2017.
- 4. Publication of the Council's Pay Policy Statement** Appendix B
To consider the report of the Assistant Director: Finance & Human Resources
- 5. Local Government Pension Scheme: Employer's Discretionary Policies** Appendix C
To consider the report of the Assistant Director: Finance & Human Resources

PERSONNEL COMMITTEE

A

Minutes of a meeting of the Personnel Committee held on Thursday, 2 February 2017 at 5.30pm in Meeting Room G3/G4, Addenbrooke House, Ironmasters Way, Telford, TF3 4NT

PRESENT: Councillors S Davies (Chair), A J Buford, L Carter, A J Eade, R A Overton, W L Tomlinson and P R Watling

IN ATTENDANCE: J Eatough, Assistant Director: Governance, Procurement & Commissioning (for minute number PEC-5); C Haseley, H R Business Manager (for minute number PEC-4); R Partington, Managing Director (for minute number PEC-4 – leaving the meeting during the debate) and S Worthington, Democratic & Scrutiny Services Officer.

PEC-1 Apologies for Absence

Councillor N A Dugmore

PEC-2 Declarations of Interest

None.

PEC-3 Minutes

RESOLVED – that the minutes of the meeting of the Personnel Committee held on 19 May 2016 be confirmed and signed by the Chairman.

PEC-4 Publication of the Council's Pay Policy

The HR Business Manager presented the report on the Council's updated Pay Policy Statement for 2017/18 which was required to be published on the Council's website on 1st April 2017 in accordance with the Localism Act 2011.

The Policy remained similar to that of the previous year. The policy had been updated to include additions to salary for Chief Officers. There had not previously been a scheme for additions to senior management pay, however, it was noted that there may be need for additional remuneration to senior management pay if significant new responsibilities were given to these officers. A discussion took place in respect of recruitment and retention of senior officers, in light of comparison pay scales in other Local Authorities.

RESOLVED–

- (a) to **RECOMMEND TO COUNCIL** that the Council's Pay Policy Statement for 2017/18 be approved for publication on the Council's website on 1 April 2017
- (b) that authority be delegated to the Assistant Director: Finance & Human Resources, in consultation with the Leader of the Council, to amend the Statement as necessary in line with any statute or

further national guidance that may be issued following the meeting of the Committee or changes to negotiated pay rates during the period of the Policy Statement; and

- (c) that authority be deleted to the Assistant Director: Finance & Human Resources to update information on Pay Multiples as data becomes available; and
- (d) that authority be delegated to the Managing Director, following consultation with the Leader of the Council, to make provision for 'additional pay' for Directors and Assistant Directors .

PEC-5 Exclusion of Public and Press

RESOLVED – that the public and press be excluded from the meeting for the following item of business on the grounds that it may involve the likely disclosure of exempt information as defined in paragraph 4 of Part 1 of Schedule 12A of the Local Government Act 1972.

PEC-6 Single Status Update Report

The Assistant Director: Governance, Procurement & Commissioning presented the locally developed bespoke Job Evaluation Scheme for Members to consider.

Members queried the timescales for the implementation of the Scheme, the Assistant Director: Governance, Procurement & Commissioning advised the proposed dates were indicative and would be dependent on discussions with Trade Unions.

RESOLVED that –

- (a) the Scheme in Appendix 2 of the report be approved and the requirement to collate additional information for the evaluation process through an updated Job Description & Person Specification, at Appendix 1 of the report, to properly reflect the factors contained in the Scheme be noted; and
- (b) authority be delegated to the Assistant Director: Governance, Procurement & Commissioning, in consultation with the Managing Director and Chair of the Personnel Committee, to agree changes to the proposed Scheme in order to secure collective agreement.

The meeting ended at 5.56 pm

Chair.....

Date.....

TELFORD & WREKIN COUNCIL

**PERSONNEL COMMITTEE – 8th FEBRUARY 2018
COUNCIL – 1 MARCH 2018**

B

PUBLICATION OF THE COUNCIL'S PAY POLICY STATEMENT

REPORT OF THE ASSISTANT DIRECTOR: FINANCE & HUMAN RESOURCES

1. PURPOSE

- 1.1 To agree the content of the Council's updated Pay Policy 2018/19, required for publication by the Localism Act 2011.

2. RECOMMENDATIONS

That the Personnel Committee:

- 2.1 Agrees the content of the Council's Pay Policy Statement for publication on the Council's website on 1 April 2018 and recommends its acceptance at Full Council on 1 March 2018.
- 2.2 Delegates authority to the Assistant Director: Finance & Human Resources, in consultation with the Leader of the Council, to amend the Statement as necessary in line with any statute or further national guidance that may be issued following the meeting of the Committee or changes to negotiated pay rates during the period of the Policy Statement.
- 2.3 Delegates authority to the Assistant Director: Finance & Human Resources to update information on Pay Multiples as data becomes available.
- 2.4 Delegates authority to the Human Resources Manager to approve flexible retirement applications in exceptional cases where it will enable the retention of specialist or critical skills or support a period of succession planning/training in which case savings may not be realised to fund the release.

3. PREVIOUS MINUTES

Personnel Committee: PEB-31 (13 February 2012), PEB-8 (19 February 2013), PEB-4 (10 February 2014), PEB-8 (22 January 2015), PEB-9 (11 February 2016), PEB-4 (2 February 2017)

Full Council: 92(i) (1 March 2012), 77(i)(l) (7 March 2013), 78 (27 February 2014), 59 (i) (m) (5 March 2015) and 80 (i) (3 March 2016), 84 (k) (2 March 2017)

4. BACKGROUND

- 4.1 The Localism Act 2011 requires local authorities to produce an annual Pay Policy Statement. The Act requires the Statement to detail the Council's policies in respect of remuneration at various tiers within the Council. The Act does not apply to local authority schools.
- 4.2 The purpose of these provisions is to provide transparency with regard to the Council's approach to setting the pay of its employees by determining:
- The methods by which pay is determined.
 - The detail and level of remuneration of its most senior staff
 - The Committees responsible for ensuring consistent application of the provisions set out in the Statement.
- 4.3 The Council's Pay Policy Statement details
- pay negotiation bodies
 - initial allocation of pay points
 - lowest paid employees and the ratio comparison with the highest paid officers
 - senior management remuneration.
 - the recruitment of chief officers
 - additions to chief officers pay
 - termination payments
 - where accountability and responsibility lies.
- 4.4 Flexible retirement under Regulation 30 of the Local Government Pension Scheme Regulations 2013 or Regulation 11 (2) of the Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 will, in the majority of cases be permitted only where savings to fund the cost of such release are achieved. However in exceptional circumstances and in order to retain specialist or critical skills, flexible retirement may be approved to support a period of succession planning/training in which case savings may not be realised to fund the release.
- 4.5 On 1 April 2018 the National Living Wage will be increased to £7.83 per hour which means that the current minimum Scale Point 6 (SCP6) on the 'Green Book' pay spine will be below that of the statutory minimum level as the current hourly rate of SCP6 is £7.78.

On 5 December 2017 the National Employers for Local Government Services made a final pay offer covering the period 1 April 2018 to 31 March 2020. Part of that offer would result in a new bottom rate of £8.50

per hour on SCP6. Trade Unions are consulting with their members and it is envisaged that it will be early/mid March before the outcome of these consultations are known. If national pay bargaining has not resulted in a settlement by 1 April 2018, the Council will therefore uplift SCP6 to £7.83 in line with the National Living Wage.

5. LEGAL

- 5.1 The Pay Policy Statement has been drafted in accordance with the requirements of section 38 of the Localism Act 2011. The Act prescribes information to be included in the Statement, its manner of publication and the requirement for the Council to act in accordance with its approved Policy Statement.

6. FINANCE

- 6.1 The Pay Policy Statement identifies the Council's approach to setting the pay of its employees, including termination costs. There are no financial implications directly relating to the updating of the Pay Policy Statement. Employee costs form part of the Council's budget, which is approved in March each year, and estimates will take into account the principles set out in the Statement. Any variations from the approved budget will be highlighted as part of regular financial management reports/other relevant reports in line with Financial Regulations. Senior Officer Remuneration is published annually in the Council's Statement of Accounts in line with the requirements of the Accounts & Audit Regulations.

7. ENVIRONMENTAL

There are no environmental issues arising from this report.

8. EQUALITIES

- 8.1 Pay is a major equalities issue and the Pay Statement will assist in identifying issues requiring resolution.

**Report prepared by Sue Wilson, Human Resources Manager, Tel:
(01952) 383601**

TELFORD & WREKIN COUNCIL

Pay Policy Statement – 2018/19

1. Introduction and Purpose

- 1.1 Under section 112 of the Local Government Act 1972, the Council has the “power to appoint officers on such reasonable terms and conditions as the authority thinks fit”. This Pay Policy Statement (the ‘Statement’) sets out the Council’s approach to pay policy in accordance with the requirements of section 38 of the Localism Act 2011.
- 1.2 The purpose of this Statement is to provide transparency about the Council’s approach to setting the pay of its employees (excluding those working in local authority schools and/or employed under the School Teachers’ Pay and Conditions Document) by identifying:
- the methods by which salaries of all employees are determined;
 - the detail and level of remuneration of its most senior staff, i.e. ‘chief officers’, as defined by the relevant legislation; and
 - the Committee responsible for ensuring the provisions set out in this statement are applied consistently throughout the Council and recommending any amendments to the full Council.
- 1.3 Once approved by the Council, this policy statement will come into effect on 1st April 2018 and will continue to be subject to annual review.

2. Legislative Framework

- 2.1 In determining the pay and remuneration of all of its employees, the Council will comply with all relevant employment legislation. This includes the Employment Rights Act 1996, the Equality Act 2010, the Part Time Employment (Prevention of Less Favourable Treatment) Regulations 2000, the Agency Workers Regulations 2010 and where relevant, the Transfer of Undertakings (Protection of Earnings) Regulations. With regard to the equal pay requirements contained within the Equality Act, the Council is taking steps to ensure there is no pay discrimination within its pay structures and that all pay differentials can be objectively justified through the use of equality-proofed job evaluation mechanisms which directly relate salaries to the requirements, demands and responsibilities of the role.

3. Pay Structure

- 3.1 Based on the application of the job evaluation process, the Council uses the Local Government Association nationally negotiated pay spines as the basis for its local grading structure. This determines the salaries of the large majority of the non school-based workforce, together with the use of other nationally-defined rates where relevant.

3.2 The Council adheres to national pay bargaining in respect of the national pay spines and any annual cost of living increases negotiated in those pay spines. The last national pay awards for employees were:

Negotiating Group:	Effective date:	Settlement:
Joint National Council for Chief Executives	1 st April 2017	1%
Joint National Council for Chief Officers	1 st April 2017	1%
Joint Negotiating Committee for Youth & Community Workers	1 st September 2017	Headline increase of 1% with higher percentage increase for lowest grades
National Joint Council for Local Government Services	1 st April 2017	Headline increase of 1% with higher percentage increase for lowest grades
Soulbury Committee	1 st September 2017	1%

3.3 All other pay-related allowances are the subject of either nationally or locally negotiated rates, having been determined from time to time in accordance with collective bargaining machinery and/or as determined by Council Policy. In determining its grading structure and setting remuneration levels for all posts, the Council takes account of the need to ensure value for money in respect of the use of public expenditure, balanced against the need to recruit and retain employees who are able to meet the requirements of providing high quality services to the community, delivered effectively and efficiently and at times at which those services are required.

3.4 New appointments will normally be made at the minimum of the relevant grade; this can be varied in exceptional circumstances, having regard to the need for equal pay. From time to time it may be necessary to take account of the external pay market in order to attract and retain employees with particular experience, skills and capacity. Where necessary, the Council will ensure the requirement for such is objectively justified by reference to clear and transparent evidence of relevant market comparators, using appropriate data sources available from within and outside the local government sector.

4. Senior Management Remuneration

4.1 For the purposes of this Statement, senior management means ‘chief officers’ as defined within s43 of the Localism Act. The posts falling within the statutory definition are set out below, with details of their basic salary as at 31st December 2017:

a) Managing Director

The salary of the post is £139,754 per annum. The salary is a single ‘spot’ salary. There is no incremental range.

- b) **Directors**
The salaries of the posts designated as Directors are £111, 803 per annum. The salaries are single 'spot' salaries and have no incremental range.
- c) **Assistant Directors**
The salaries of the posts designated as Assistant Directors have six incremental points ranging from £77, 225 to £85,637 per annum
Incremental progression will take place on 1st April each year to the maximum of the scale.

5. Recruitment of Chief Officers

- 5.1 The Council's policy and procedures with regard to recruitment of chief officers is set out within the Officer Employment Procedure Rules in Part 3 of the Constitution. When recruiting to all posts the Council will take full and proper account of its Equal Opportunities Charter and the Recruitment and Redeployment Policies. The determination of the remuneration to be offered to any newly appointed chief officer will be in accordance with the pay structure and relevant policies in place at the time of recruitment. Where the Council is unable to recruit to a post at the designated grade, it will consider the use of temporary market forces supplements in accordance with its relevant policies. At this time there are no market forces supplements paid to any Chief Officers.
- 5.2 Where the Council remains unable to recruit chief officers under a contract of employment, or there is a need for interim support to provide cover for a vacant substantive chief officer post, the Council will, where necessary, consider and utilise engaging individuals under 'contracts for service'. These will be sourced through a relevant procurement process ensuring the Council is able to demonstrate the maximum value for money benefits from competition in securing the relevant service. The Council does not currently have any chief officers engaged under such arrangements.

6. Additions to Salary of Chief Officers

- 6.1 Following the latest (January 2016) restructure of the Council's Senior Management Team (SMT), the size of the Council's SMT has reduced by 58% since 2009/10. This reduction is twice the average seen nationally.
- 6.2 The Council does not apply any bonuses or performance-related pay to its chief officers.
- 6.3 In addition to the basic salary set out the Council may pay other elements of 'additional pay' which are chargeable to UK Income Tax

and do not solely constitute reimbursement of expenses incurred in the fulfillment of duties which could include:

- responsibility allowances/salary supplements for fulfilling statutory officer duties and salary supplements,
- market forces supplements,
- additional payments for undertaking other responsibilities

This list is not exhaustive.

Authority for any ‘additional pay’ for Directors and Assistant Directors is delegated to the Managing Director after consultation with the Leader of the Council.

The Council does not currently pay any additional responsibility allowances, salary supplements or market forces supplements to senior management.

The following ‘additional pay’ currently applies:

Post / Tier of Post	Payment Details:
Managing Director	Details of Returning Officer Fees are attached at Appendix A
Managing Director, Directors and Assistant Directors	All casual mileage is reimbursed at HMRC rates
Managing Director, Directors and Assistant Directors	Personal protection of pay within defined parameters will apply where an individual is downgraded as a result of a re-structuring process for a period of up to 5 years.

7. Payments on Termination

- 7.1 The Council’s approach to statutory and discretionary payments on termination of employment of chief officers, prior to reaching normal retirement age, is set out within its policy statement in accordance with Regulations 5 and 6 of the Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations 2006, and Regulation 60 of the Local Government Pension Scheme Regulations 2013.
- 7.2 Any other payments falling outside the provisions or the relevant periods of contractual notice shall, in respect of the Managing Director, Directors and Statutory Officers, be subject to a decision made by the Personnel Committee which has otherwise delegated authority to approve such payments to other Chief Officers to the Managing Director.

- 7.3 The Council's policy is not to re-employ, for a period of at least 12 months after their employment with Telford & Wrekin Council ends, anyone who has been made redundant or who has left the Council in the interest of the efficiency of service where a severance payment has been made in accordance with the Council's policy under the Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations 2006 or under Regulation 30 of the Local Government Pension Scheme 2013 or Schedule 2, Paragraphs 2 (2) and 2 (3) of the Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014. The re-engagement of an individual on a consultancy, agency or private service provider basis is also prohibited in circumstances where this arrangement could have reasonably been foreseen at the time the individual left.
- 7.4 Flexible retirement under Regulation 30 of the Local Government Pension Scheme Regulations 2013 or Regulation 11 (2) of the Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 will, in the majority of cases be permitted only where savings to fund the cost of such release are achieved. However in exceptional circumstances and in order to retain specialist or critical skills, flexible retirement may be approved to support a period of succession planning/training in which case savings may not be realised to fund the release.

8. Publication

- 8.1 Upon approval by the full Council, this Pay Policy Statement will be published on the Council's Website. In addition, for members of the Council's Senior Management Team and for those who report directly to the Head of Paid Service (Managing Director) where the full time equivalent salary is at least £50,000, the Council's Annual Statement of Accounts will include a note setting out the total amount of:
- salary, fees or allowances paid to or receivable in the current and previous year;
 - any bonuses so paid or receivable in the current and previous year (N.B. The Council does not operate a bonus system);
 - any sums payable by way of expenses allowance that are chargeable to UK income tax;
 - any compensation for loss of employment and any other payments connected with termination;
 - employers pension contribution
 - any benefits received that do not fall within the above
- 8.2 This information will be listed individually by job title where the salary is £50,000 or more. Persons whose salary is £150,000 or more will be identified by name.

8.3 Additional information relating to pay is published in accordance with the DCLG Local Government Transparency Code 2015 is available on the Council's website as part of its annual [Workforce Information](#) report.

9. Lowest Paid Employees and the Median salary

9.1 The lowest paid persons employed under a contract of employment with the Council are employed on full-time (37 hours per week) equivalent salaries in accordance with the minimum spinal column point currently in use within the Council's grading structure with the exception of employees who have transferred in to the Council's employment under the Transfer of Undertakings (Protection of Employment) Regulations 2016. As at 31st December 2017, this is £14,469 per annum. The Council employs Apprentices who are not included within the definition of 'lowest paid employees' as they are employed under a Training Contract

9.2 The statutory guidance under the Localism Act 2011 recommends the use of pay multiples as a means of measuring the relationship between pay rates across the workforce and that of senior managers, as included within the Hutton 'Review of Fair Pay in the Public Sector' (2010). The Hutton report was asked by Government to explore the case for a fixed limit on dispersion of pay through a requirement that no public sector manager can earn more than 20 times the lowest paid person in the organisation.

9.3 The pay levels within the Council as at 31st December 2017 define the multiple between the lowest paid (full time equivalent) employee and the Managing Director as 1:9.66 and between the lowest paid employee and average Chief Officer as 1:6.21 The Council's pay multiples therefore fall well below Lord Hutton's public sector threshold set out in 9.2 above.

9.4 The full-time equivalent median (mid-point) pay level within the Council is £20,661¹. The multiple between the Managing Director and this median point is 1:6.76 and the average Chief Officer is 1:4.35

9.5 As part of its overall and ongoing monitoring of alignment with external pay markets, both within and outside the sector, the Council will use available benchmark information as appropriate.

10. Accountability and Decision Making

10.1 In accordance with the Constitution of the Council, the Personnel Committee is responsible for decision-making in relation to the recruitment, pay, terms and conditions and severance arrangements for employees of the Council.

¹ Median calculated on data as at 31st Dec 2017

LOCAL GOVERNMENT ACT 1972**Unitary Council – Electoral Fees**

Scale of Fees and Disbursements for Elections with effect from 1st April 2009.

PART A – RETURNING OFFICER’S FEES

Fee for conducting the election and generally performing the duties required by an enactment relating to the election or poll and including all expenses other than those specifically mentioned in Part ‘C’ below.

		£
1.	<u>Uncontested Elections</u> For each ward	134.00
2.	<u>Contested Elections</u> For each ward	234.00
3.	<u>Declaration of Results</u> To the Deputy Returning Officer in charge of counting the votes and declaring the result (or where this function is performed by the Returning Officer personally, to the Returning Officer) For each ward	99.00

Parish Councils – Electoral Fees

Scale of Fees and Disbursements for Parish Council Elections and Polls with effect from 1 April 2009. Fees for Parish Elections are paid by Parish Councils.

PART A – RETURNING OFFICER’S FEES

		£
1.	<u>Uncontested Parish Elections</u> (i) For each parish or where the parish is divided into wards, for each ward	50.00
2.	<u>Contested Parish Elections</u> (i) For each parish or where the parish is divided into wards, for each ward	100.00
3.	<u>Polls Consequent on a Parish Meeting</u> (i) Where official notice of a poll has been received but no poll is taken in consequence of the withdrawal of a candidate or otherwise	23.00

	<p>(ii) For every poll taken for the election of the chairman of a parish meeting or for an appointment to any other office</p> <p>(iii) For every poll taken consequent on a parish meeting on any question other than as mentioned in paragraph 3(ii)</p> <p>(iv) In the case of a poll to which either paragraph 3(ii) or (iii) applies, for each additional polling station after the first</p> <p>Notes:</p> <ol style="list-style-type: none"> 1. If a poll is taken on the same date in any parish on more than one question then only one fee shall be charged under paragraph 3(iii) 2. If polls are taken on the same day in any parish for the election or appointment of persons to more than one office, then separate fees shall be payable under paragraph 3(ii) for each poll 3. Where polls are taken in any parish on the same day for the election or appointment of persons to any office <u>and</u> on any other questions consequent on a parish meeting, separate fees shall be payable under paragraphs 3(ii) and (iii) but only one fee shall be payable under paragraph 3(iv) in respect of each additional polling station 	<p>54.00</p> <p>54.00</p> <p>11.00</p>
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Mileage Rates

Essential Car Users

Lump Sum payment per annum:

451-999cc	£846
1000-1199cc	£963
1200+ (Wrekin conditions only)	£1,239

Mileage rates (regardless of engine size): 36.9p per mile

Casual Car Users

All mileage will be reimbursed at HMRC rates as follows:

First 10,000 miles:	45p per mile
Above 10,000 miles:	25p per mile

TELFORD & WREKIN COUNCIL

PERSONNEL COMMITTEE – 8th FEBRUARY 2018



LOCAL GOVERNMENT PENSION SCHEME: EMPLOYER'S DISCRETIONARY POLICIES

REPORT OF THE ASSISTANT DIRECTOR: FINANCE & HUMAN RESOURCES

PART A) – SUMMARY REPORT

1. SUMMARY OF MAIN PROPOSALS

The purpose of this report is prepare for the implementation of expected regulations relating to public sector exit payment and to recommend a number of minor amendments to current discretions under various Local Government Pension Scheme Regulations.

The Local Government Pension Scheme requires all Scheme employers to publish policy statements on certain discretions afforded by the various regulations. The Council determined its policy on discretions under the 2013 and 2014 Regulations in June 2014 and this policy is published on the Shropshire Pensions website (<https://shropshirecountypensionfund.co.uk/>)

The proposals are

- 1.1 for authority to be delegated to the Human Resources Manager to implement any necessary amendments to place a cap on exit payments in line with new Regulations expected in 2018 after consultation with the Chair of Personnel Committee. Such amendments to take effect one month following their publication date unless the Regulations define an earlier implementation date.
- 1.2 a minor change to be made to some discretionary policies under the Local Government Pension Scheme Regulations 2013 regarding employer contribution banding, clarification of the definition of a week's pay used in the existing discretionary policies under the Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations 2006 (as amended); and an amendment to the flexible retirement criteria.

These discretions do not apply to councillors. Trade unions have been consulted on the proposed changes to these discretions.

2. RECOMMENDATIONS

- 2.1 That authority be delegated to the Human Resources Manager to make any necessary adjustments to the Council’s Policy on Discretions under the Local Government Pension Scheme to ensure that it complies with new regulations relating to exit payments and publishes these changes in accordance with the Local Government Pension Scheme Regulations. Any adjustments to be made after consultation with the Chair of the Personnel Committee.
- 2.2 That any decisions on proposals to cap exit payments which are more than the £95,000 proposed cap, prior to the introduction of the new regulations, should be made after consultation with the Chair of the Personnel Committee.
- 2.3 To amend the current discretion under the Local Government Pension Scheme Regulations 2013 (Regulation 9), to authorise the Human Resources Manager:
- 2.3.1 to review and re-band pension contributions on an annual rather than a monthly basis with effect from 1st April 2018; and
- 2.3.2 to re-define the elements included in the calculations as follows
- Annual salary and Non-variable pensionable pay elements (e.g. allowances) for the year commencing on 1st April, plus
 - Variable pensionable pay elements paid during the previous year ending on 31st March (e.g. honoraria payments, non-contractual overtime and additional hours paid to part-timers)
- 2.4 To amend the current discretion under the Local Government Pension Scheme Regulations 2013 (Regulation 30 (6)) to allow the Human Resources Manager to authorise the release of pension benefits on flexible retirement in exceptional cases where it will enable the retention of specialist or critical skills or support a period of succession planning/training in which case savings may not be realised to fund the release.
- 2.5 To amend the current policy under the Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations 2006 for people who are, or are eligible to be, members of the Local Government Pension Scheme to clarify and confirm the definition of a ‘week’s’ pay for these purposes in that it does not include any sum in respect of employer pension contributions. It is recommended that this be formally approved and take effect for all decisions made on or after 8th March 2018.

3. SUMMARY IMPACT ASSESSMENT

COMMUNITY IMPACT	Do these proposals contribute to specific Co-Operative Council priority objective(s)?	
	Yes	These proposals support all objectives through the

		provision of a fair set of employment policies which value the Council's workforce, enabling it to provide services which put Co-operative values at the heart of the Organisation
	Will the proposals impact on specific groups of people?	
	No	<i>Not applicable</i>
TARGET COMPLETION/DELIVERY DATE	<i>Not applicable</i>	
FINANCIAL/VALUE FOR MONEY IMPACT	Yes	Recommendations are based on policies that are seen to be workable, affordable and reasonable having regard to the foreseeable costs. Any financial implications associated with flexible retirement cases will be reviewed on an individual case basis.
LEGAL ISSUES	These are addressed in the Appendices	Recommendations are based on the exercise of discretionary powers which are limited to the extent that they should not lead to a serious loss of confidence in the public service.
OTHER IMPACTS, RISKS & OPPORTUNITIES	No	Not applicable.
IMPACT ON SPECIFIC WARDS	No	Not applicable.

PART B) – ADDITIONAL INFORMATION

4. INFORMATION

Local Government Pension Scheme 2014

- 4.1 In total there are 107 discretions under the current and previous Local Government Pension Schemes, although not all have to have a formal published policy. In June 2014 this Committee approved the discretions which needed to have a written policy under the 2013 and 2014 Pension Regulations. Amendments to the following policies are proposed:

4.1.1 Policy on contribution banding:

A new HR/Payroll System is in the process of implementation but the policy needs to be amended as the options available in the System for calculations of employee contributions do not fit exactly with the current policy. The option that closest resembles the existing policy has been selected and it is also proposed that the frequency of rebanding is reduced from monthly to annually. This will reduce the administrative burden, although contractual changes that lead to a significant change in pensionable pay will continue to prompt a review of the banding at the time of the change, e.g. a change in hours or appointment to a higher or lower grade.

A further amendment to the definition of pay elements which are included in the calculations is also required for clarification purposes. The detail is defined in 2.3 above

An assessment has been made of the potential impact on employee contributions and this has demonstrated, based on current knowledge, that there is unlikely to be an adverse impact on the Council's future contribution rate.

4.1.2 Flexible retirement - Regulation 30 (6)

The current policy requires savings to be recovered within a three year period. This does not give the flexibility that is sometimes necessary to accommodate the needs of individuals in specialist posts or who have critical skills that need to be retained within the organisation. It is therefore proposed that authority be delegated to the Human Resources Manager in exceptional cases to approve release of pension benefits under Regulation 30 where savings cannot be made in order to support a period of succession planning/training.

- 4.2 There is no proposal to change any of the other existing Discretions Policies under the 2103/14 LGPS Regulations. Policy decisions made under previous schemes remain in place since those will apply to previous membership and benefits accrued in varying circumstances

Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations 2006

- 4.3 Clarification relating to the calculation of a week's pay for payments made under these Regulations is necessary following a recent Employment Appeals Tribunal case involving the University of Sunderland. The case referred to the interpretation of a week's pay under Section 221 of the Employment Rights Act 1996 and has amended the assessment of a week's pay for calculating compensation in cases of dismissal to include the employer pension contribution where one is made.
- 4.4 The Regulations give local authorities the power to go beyond the statutory maximum week's pay and to base redundancy payments on a figure up to an

actual week's pay. The Council's existing policy is use an actual week's pay rather than a statutory week's pay and it further enhances redundancy payments by 1.5 times the statutory week's entitlement. This policy has proved successful in managing the necessary reductions in staffing levels through volunteers for redundancy in order to achieve savings targets. Since restructuring processes started in 2010 over 930 redundancies have been made, with only 13.6% being due to compulsory redundancy. It is not therefore proposed that any changes be made to this policy other than to clarify what is taken into account in the calculation of payments. The level of enhancements is considered to exceed the amount that would be paid in employer pension contributions and therefore the calculation of a week's pay excludes employer pension contributions. The wording of the policy would be amended accordingly.

Government proposals on Exit Payments

4.5 In July 2016 the Government consulted on proposals relating to exit payments as part of a common framework of upper limits which should be applied to the main elements of compensation provision across the main public sector schemes. It believed that applying the upper limits across these schemes will bring greater consistency between them and would bring public sector more in line with exit terms more commonly available in the wider economy. The Department for Communities and Local Government is tasked with the responsibility for reforms which are consistent with the framework in respect of the changes necessary for the local government workforce. Further consultation on the draft Regulations is expected early in 2018 with implementation of new Regulations expected to take place at the earliest in April 2018. There are two elements to the proposals which are set out in general terms below:

4.5.1 The restriction of exit payments made within a 28 day period to a maximum of £95,000, including pension strain costs. This will catch a wide range of payments including redundancy, payment in lieu of notice, severance or ex gratia payments and compensation whether under a contract of employment or otherwise. Previously published draft regulations included a power for full council to waive the cap in relation to payments made to an individual employee subject to Treasury directions. It is not clear at this stage who might be able to waive the cap for other employers such as schools who are subject to the Council's policies under the Local Government Pension Regulations.

4.5.2 Recovery of exit payments previously made by a public sector employer where the individual returns to the public sector within a period of 12 months earning over £80,000 per annum. A return includes as a self-employed contractor or as an employee of another authority and recovery would be on a tapering basis after the sum equivalent to statutory redundancy is taken into account. This will include the recovery of the cost of pension strain costs and a return will not be permitted until repayment or an agreement is in place.

- 4.6 It is recommended that, should any amendments be necessary, the Head of Human Resources has delegated authority to make any necessary adjustments to the Council's Policy on Discretions under the Local Government Pension Scheme to ensure that it complies with the new Regulations and publishes these changes in accordance with the Local Government Pension Scheme Regulations. Such amendments to take effect one month following their publication date. Prior to the introduction of the new regulations, any decisions on proposals for exit payments which are more than the proposed £95,000 cap will be made after consultation with the Chair of the Personnel Committee.

5. PREVIOUS MINUTES

Cabinet – 10 March, 2008 (CB -137), Personnel Committee – 26 June 2014 (PEB-4)

6. BACKGROUND PAPERS

None

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