

# PLEASE NOTE VENUE

## GENERAL PURPOSES COMMITTEE AGENDA



**Wednesday, 7th March 2007**

**at 9.00 am**

**in Training Room 4, Municipal Buildings,  
Church Square, Hartlepool**

MEMBERS: GENERAL PURPOSES COMMITTEE

Councillors Hall, Henery, Iseley, J Marshall, Rogan, Shaw, Wallace, Wistow and Young.

1. **APOLOGIES FOR ABSENCE**
2. **TO RECEIVE ANY DECLARATIONS OF INTEREST BY MEMBERS**
3. **MINUTES**
  - 3.1 To confirm the minutes of the meeting held on 29<sup>th</sup> September 2006 (attached)
4. **ITEMS REQUIRING DECISION**
  - 4.1 Local Government Pension Scheme – Discretionary Payments – Chief Personnel Officer
5. **ANY OTHER ITEMS WHICH THE CHAIRMAN CONSIDERS ARE URGENT**

## **GENERAL PURPOSES COMMITTEE**

### **MINUTES AND DECISION RECORD**

29th September 2006

**Present:**

Councillor: D Young (In the Chair)

In accordance with Council Procedure Rule 4.2(ii) councillors Cook, Griffin and A Marshall were in attendance as substitutes for Councillors Shaw, Hall and Wallace respectively.

Officers: Mike Ward, Chief Financial Officer  
Peter Devlin, Legal Services Manager  
Ann Turner, Governor Support Officer  
Elizabeth Maddison, Assistant Governor Support Officer  
Pat Watson, Democratic Services Officer

Caroline Tyrrell from the Audit Commission was also in Attendance to address the Committee in relation to Minute 22..

#### **19. Apologies for Absence**

Apologies were submitted for Councillors Hall, Henery, Iseley, J Marshall, Shaw, Wallace and Wistow.

#### **20. Declarations of interest by members**

Councillor Cook declared a personal and prejudicial interest in minute 23 and left the meeting during consideration of his application to become a Local Authority Representative to serve on School Governing Bodies.

#### **21. Confirmation of the minutes of the meeting held on 18th August 2006**

The minutes were accepted as a true record.

## **22. Final 2005/06 Statement of Accounts and Audit Commission Annual Governance Report** (*Chief Financial Officer*)

### **Purpose of report**

To request Members approval of the final 2005/06 Statement of Accounts and to present the Audit Commission's Annual Governance Report.

### **Issue(s) for consideration by the Committee**

Members were reminded that at their meeting held on 30<sup>th</sup> July 2006 approval had been given to the draft 2005/06 Statement of Accounts. At that time Members had been advised that a further report would be submitted once the Audit Commission had completed their review of the draft and related matters.

The Audit Commission has now completed the Audit of the 2005/2006 Statement of Accounts (Appendix B) and their recommendations are detailed in the Annual Governance Report, Appendix A.

Members were advised that during the audit agreement had been reached to amend the Cashflow Statement (page 61 of Appendix B) and the Balance Sheet (page 40 of Appendix B). The changes to the Cashflow Statement corrected the disclosure of cashflows arising from investments and borrowings. The change to the Balance Sheet corrected the classification of an item of capital expenditure which increases the value on 'assets under construction'. The corresponding entry was within the Fixed Asset Restatement Account. These changes did not affect the Authority's overall cash position.

The report indicated that, in addition, the report highlighted that the Provision for Equal Pay costs exceeded the liability which should be recognised in the 2005/06 accounts in accordance with the requirements of Financial Reporting Standard 12. The Chief Financial Officer had determined not to change this provision as the estimated Equal Pay liabilities payable in 2006/07 and 2007/08 were anticipated to exceed this provision. The Authority would therefore need to earmark additional funding for these liabilities in 2006/07 and this issue would be dealt with as part of the 2006/07 outturn strategy.

Members were advised that the Annual Governance Report replaced the Statement of Auditing Standards (SAS 610) report and owing to the changes in the Audit Commission's timetable for issuing the Annual Audit Letter the Annual Governance Report covered a wider range of issues than the SAS 610 report. The principle purposes of the Annual Governance Report were outlined in the report.

A copy of the Annual Governance Report was attached at Appendix A.

Caroline Tyrrell from the Audit Commission was present at the meeting and highlighted the key issues identified in the report. Cardine indicated that the Audit Commission were not disputing the 2005/06 Statement of Accounts, just the provision of the estimated Equal Pay liability of £½m. She advised that the Audit Commission would give a qualified opinion whether or not the Authority decided to amend the accounts to take out the provision. As part of the Letter of Representation there would be a paragraph as to why the Authority had left in the provision, if that was the decision.

### **Decision**

Members approved the Final 2005/06 Statement of Accounts detailed at Appendix B, incorporating the changes detailed at paragraph 3.2 of the report.

## **23. Appointment of Local Authority Representatives to Serve on School Governing Bodies** (*Director of Children's Services*)

### **Purpose of report**

To request Members to make recommendations to the Children's Services Portfolio Holder in respect of the appointment of Local Authority Representative Governors to serve on school governing bodies where vacancies currently exist.

### **Issue(s) for consideration by the Committee**

Members were advised that applications are invited from members of the general public, elected members and those governors whose term of office is about to expire and who are interested in serving or wish to continue to serve as a LA representative governor on school governing bodies.

The following criteria had been agreed by the Borough Council for the recruitment of LA representative governors in 2000. LA governors should be able to show :

- demonstrable interest in and commitment to education;
- a desire to support the school concerned;
- a commitment to attend regular meetings of the governing body (and committees as appropriate) and school functions generally;
- good communication/interpersonal skills;
- ability to work as part of a team;
- a clearly expressed willingness to participate in the governor

training programme.

A schedule was attached as Appendix A to the report setting out details of vacancies which currently exist for LA representative governors, together with applications received in respect of one of the vacancies. Appendix B contained exempt information under Schedule 12A of the Local Government Act 1972, (as amended by the Local Government (Access to Information) (Variation) Order 2006) namely, information relating to any individual (para 1)

### **Decision**

Approval was given for the following recommendations, for the appointment of LEA Representative Governors, to be referred to the Children's Services Portfolio Holder:

English Martyrs School & 6<sup>th</sup> Form College: Councillor R Cook  
Jesmond Road Primary School: Mr K Gardner  
Manor College of Technology: Councillor M Waller  
St Joseph's R.C. Primary School: Mrs J Ganzerela

The following unfilled vacancies were noted:

Barnard Grove Primary School – 1 vacancy  
Brougham Primary School – 1 vacancy  
Cattote School – 2 vacancies  
Grange Primary School – 1 vacancy  
Hart Primary School – 1 vacancy  
Rift House Primary School – 2 vacancies  
Rossmere Primary School – 1 vacancy  
Springwell School – 1 vacancy  
Throston Primary School – 1 vacancy

D YOUNG

CHAIRMAN

## **GENERAL PURPOSES COMMITTEE**

**7 March 2007**



**Report of:** Chief Personnel Officer

**Subject:** LOCAL GOVERNMENT PENSION SCHEME –  
DISCRETIONARY PAYMENTS

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### **SUMMARY**

#### **1. PURPOSE OF REPORT**

To request that the General Purposes Committee makes a decision regarding the options available to Hartlepool Borough Council for the review of the current discretionary payments for the Local Government Pension Scheme (LGPS) following the introduction of new legislation that takes into account the new Age Discrimination Regulations.

#### **2. SUMMARY OF CONTENTS**

The report provides background information regarding the new regulations and three options for consideration. In addition the options highlight the financial impacts and the Trade Union response to each.

#### **3. RELEVANCE TO GENERAL PURPOSES COMMITTEE**

Pension related issue.

#### **4. TYPE OF DECISION**

Non-key decision.

#### **5. DECISION MAKING ROUTE**

General Purposes Committee.

#### **6. DECISION(S) REQUIRED**

The General Purposes Committee is recommended to determine the Council's policy principles in respect of LGPS discretionary payments.

**Report of:** Chief Personnel Officer

**Subject:** LOCAL GOVERNMENT PENSION SCHEME –  
DISCRETIONARY PAYMENTS

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## **1.0 PURPOSE OF REPORT**

- 1.1 To request that the General Purposes Committee makes a decision regarding the options available to Hartlepool Borough Council for the review of the current discretionary payments for the Local Government Pension Scheme (LGPS) following the introduction of new legislation that takes into account the new Age Discrimination Regulations.

## **2.0 BACKGROUND**

- 2.1 The Local Government (Early Termination) (Discretionary Payments) Regulations 2006 were introduced as a result of the Employment Equality (Age) Regulations 2006. The Regulation came into effect from 1 October 2006, however HBC are working to their current policy during the 6 month transitional period.

This report is the result of a review of the current Council arrangements and seeks a decision on the future policy for early retirement and redundancy for Hartlepool Borough Council.

- 2.2 Early termination of employment covers the following situations:

- redundancy
- termination in the interests of the efficient exercise of the employing authority's functions
- in the case of a joint appointment, because the other holder of the appointment has left it (applies in the cases of two people under one contract e.g. husband and wife running a children's home)

- 2.3 Key considerations:

- In an early termination of employment situation, giving one employee any additional compensation simply because they are over 50, and therefore eligible for early retirement, will be automatically regarded as direct age discrimination, if a claim is brought before a tribunal
- The Government has confirmed that differing redundancy payments, based on an age and length of service criteria, is not age discriminatory

- The Regulations gives each Local Authority the discretion to award maximum payments of up to two years' pay (104 weeks) within its policy. In giving this flexibility, it also places responsibility and, therefore liability, for the policy adopted on each individual Local Authority
- The Age Regulations has an Exception Rule (Regulation 33) which allows the use of age and service related criteria based on the statutory calculations for redundancy payments as long as it is applied to ALL payments and as long as the method of calculating the payment is based on the statutory redundancy payment e.g. half a week's pay for service under 22, etc.

## 2.4 Summary of Changes:

### Item 1

#### Provision Prior to new Regulations

The discretionary power to award a one-off lump sum payment of up to 66 weeks' pay, based on a service and age-related formula.

#### New Regulations

Provide a discretionary power to award a one-off lump sum payment of up to, but not exceeding, two years' pay (104 weeks), inclusive of any redundancy payment made. (The Authority must publish a policy on how it will exercise its discretion).

### Item 2

#### Provision prior to new Regulations

The discretionary power to award added years as an alternative to the benefits payable under the Local Government Pension Scheme (LGPS) for eligible employees aged 50 or over and under 65.

#### New Regulations

Remove the power to award added years (although additional membership can still be awarded through the augmentation provisions in the LGPS). Augmentation can only be awarded as an alternative to the cash lump sum (not exceeding 104 weeks and not including the redundancy payments which still need to be paid).



### 3.0 CURRENT ARRANGEMENTS WITHIN HARTLEPOOL BOROUGH COUNCIL'S POLICY

30 weeks = statutory redundancy maximum

66 weeks = maximum enhanced package (discretion of employer)

<b>Employee Led</b>	<b>Employer Led</b>
<b>Efficiency</b>	<b>Efficiency</b>
66 weeks + early release of pension (no added years)  OR  Early release of pension + added years  OR  Early release of basic pension (no added years)  OR  66 weeks (if under 50)	66 weeks + early release of pension (no added years)  OR  Early release of pension + added years  OR  66 weeks (if under 50)
<b>Voluntary Redundancy</b>	<b>Compulsory Redundancy</b>
66 weeks + early release of pension (no added years)  OR  30 weeks + early release of pension + added years  OR  66 weeks (if under 50)	30 weeks + early release of pension (no added years)  OR  30 weeks (if under 50)

#### 4.0 PROPOSED ARRANGEMENTS

- 4.1 **Important points to note.** All references in the tables below for 66 or 104 weeks are the maximum entitlements only and will not apply to all cases.

Max. 30 weeks = statutory redundancy maximum (based on age/length of service only)

Max. 66 weeks = maximum enhanced package (discretion of employer) (based on age/length of service)

Max. 104 weeks = maximum enhanced package (discretion of employer) (based on age/length of service)

This report also takes into account the trade union comments. Following the decision of the General Purposes Committee, the Early Retirement / Voluntary Redundancy Procedure will be revised to reflect the changes. If the current policy is amended then, as per Regulation 7 of the Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations 2006, the employing authority "must" publish a statement of the amended policy within one month of the decision and they "must" not give effect to any policy change until one month has passed since the amended policy is published. It is expected, subject to a decision at today's General Purposes Committee meeting that this statement could be submitted to Teesside Pension Fund within 1 week.

#### 5.0 RECOMMENDED OPTIONS

##### 5.1 Option 1

No enhancements and minimum statutory entitlements for redundancy and early release of basic pension granted (with calculations based on weekly basic pay and the statutory cap removed). Early release of pension is at the employer's discretion.

<b>Employee Led</b>	<b>Employer Led</b>
<b>Efficiency</b>	<b>Efficiency</b>
Early release of pension (if statutory minimum age requirement is met)	Early release of pension (if statutory minimum age requirement is met)
<b>Voluntary Redundancy</b>	<b>Compulsory Redundancy</b>
30 weeks + early release of pension (no added years)  OR  30 weeks (if under 50)	30 weeks + early release of pension (no added years)  OR  30 weeks (if under 50)

Advantages

- This is the most financially effective option as the costs will be smaller than the other options
- It is equitable and fair for employees of all ages as there are no options for negotiation
- Represents no employment risks for age discrimination

Disadvantages

- Fewer options for the employer and employee to find a low risk solution to capability and other employment difficulties
- Removal of current levels of benefits to employees
- A potential increase in the numbers of compulsory redundancies as there is little incentive for voluntary applications

Trade Union Response

- Option 1 is the least preferred of the three options for the Trade Unions as it offers less benefits for its members than they could potentially receive currently.

## 5.2 Option 2

<b>Employee Led</b>	<b>Employer Led</b>
<b>Efficiency Reasons</b>	<b>Efficiency Reasons</b>
66 weeks + early release of basic pension (no augmentation)  OR  Early release of basic pension + augmentation  OR  Early release of basic pension  OR  66 weeks (if under 50 or non-LGPS member)  OR  Augmentation	66 weeks + early release of pension (no augmentation)  OR  30 weeks + augmentation  OR  Early release of basic pension  OR  66 weeks (if under 50 or non-LGPS member)
<b>Voluntary Redundancy</b>	<b>Compulsory Redundancy</b>
66 weeks + early release of pension (no augmentation)  OR  30 weeks + augmentation + early release of pension  OR  66 weeks (if under 50 or non-LGPS member)	30 weeks + early release of pension (no augmentation)  OR  30 weeks (if under 50 or non-LGPS member)

### Advantages

- Retains current level of benefits for employees
- Maintains the status quo regarding financial cost
- Provides a greater level of negotiation than option 1 for managing 'difficult' employment situations

### Disadvantages

- Does not take advantage of the increased flexibility in the regulations which could be seen as a disadvantage with the removal of added years options
- Greater monitoring of payments is required to ensure they are equitable and not in breach of Age Discrimination Regulations

### Trade Union Response

- Option 2 is the middle ground for the Trade Unions as it at least offers employees the current level of benefits at 66 weeks. They would however, like to see a rise in the compulsory redundancy amounts.

## 5.3 Option 3

<b>Employee Led</b>	<b>Employer Led</b>
<b>Efficiency Reasons</b>	<b>Efficiency Reasons</b>
66 weeks + early release of basic pension (no augmentation)  OR  Early release of basic pension + augmentation  OR  Early release of basic pension  OR  66 weeks (if under 50 or non-LGPS member)  OR  Augmentation	104 weeks + early release of pension (no augmentation)  OR  30 weeks + augmentation  OR  Early release of basic pension  OR  104 weeks (if under 50 or non-LGPS member)
<b>Voluntary Redundancy</b>	<b>Compulsory Redundancy</b>
<b>Phase 1: (initial offer)</b>  66 weeks + early release of pension (no augmentation)  OR  30 weeks + augmentation + early release of pension  OR  66 weeks (if under 50 or non-LGPS member)  <b>Phase 2: (extended offer if no applications received under Phase 1)</b>	30 weeks + early release of pension (no augmentation)  OR  30 weeks (if under 50 or non-LGPS member)

<p><b>- at management discretion)</b></p> <p>104 weeks + early release of pension (no augmentation)</p> <p>OR</p> <p>30 weeks+ augmentation + early release of pension</p> <p>OR</p> <p>104 weeks (if under 50 or non-LGPS member)</p>	
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#### Advantages

- An easier solution for 'difficult' employment situations as the financial incentives to resolve the issue are greater
- Offers employees greater benefits for retirement and redundancy after service to the Council

#### Disadvantages

- The most costly of the three options
- Trade Unions may constantly attempt to negotiate the maximum amount for their members (under Phase 2)
- Employees may stay longer while they negotiate for maximum settlements

#### Trade Union Response

- Option 3 is the preferred of the three options for the Trade Unions as it offers more benefits for its members. They want to see a rise in the compulsory redundancy amounts offered.

## **6.0 CORPORATE MANAGEMENT TEAM RESPONSE**

Corporate Management Team have agreed that they would endorse option 1 but with the flexibility to apply employer led additional benefits, where necessary, up to the discretion applied in option 2.

## **7.0 RECOMMENDATIONS**

The General Purposes Committee is recommended to determine the Council's policy principles in respect of LGPS discretionary payments.