

Agenda



AGENDA for a meeting of the EMPLOYMENT COMMITTEE on MONDAY, 20 JUNE 2016 in COMMITTEE ROOM A, COUNTY HALL, HERTFORD at 2.30PM or on the rising of Cabinet, whichever is the later

MEMBERS OF THE COMMITTEE - 5 (Quorum 3)

M Cowan, R I N Gordon (Chairman), L F Reeve, R M Roberts (*substituting for C M Hayward*), A Stevenson

AGENDA

PART I AGENDA

MINUTES

To confirm the Minutes of the meeting of the Committee held on 14 March 2016 (attached).

1. CHIEF OFFICER SECONDMENT

Report of the Chief Executive and Director Environment

2. PENSION SCHEMES – ANNUAL UPDATE REPORT ON LGPS EMPLOYER DISCRETIONS USAGE

Report of the Director of Resources

EXCLUSION OF PRESS AND PUBLIC

There is no Part II Business on this agenda. If Part II Business is notified, the Chairman will move:-

“That under Section 100(A)(4) of the Local Government Act 1972, the press and public be excluded from the meeting for the following item/s of-business on the grounds that it/they involve/s the likely disclosure of exempt information as defined in paragraphs of Part 1 of Schedule 12A to the said Act and the public interest in maintaining the exemption outweighs the public interest in disclosing the information.”

If you require further information about this agenda please contact Deborah Jeffery, Democratic Services Officer on telephone no. (01992) 555563 or email deborah.jeffery@hertfordshire.gov.uk

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HERTFORDSHIRE COUNTY COUNCIL

**EMPLOYMENT COMMITTEE
MONDAY 20 JUNE 2016 AT 2.30PM**

CHIEF OFFICER SECONDMENT

Report of the Chief Executive and Director Environment

Agenda Item No. 1

Author: Emily Austin, HR Manager, Strategy, Policy & Reward
(Tel: 01707 292751)

1. Purpose of report

- 1.1 To seek the Committee's agreement to extend the part time secondment of the Director, Community Protection to the role of Chief Executive of the Police and Crime Commissioner's Office (PCCO) and to delegate any decisions on further extensions to the Chief Executive and Director of Environment.

2. Summary

- 2.1 The Police and Crime Commissioner (PCC) has requested that the current part – time secondment of the Director, Community Protection to the role of Chief Executive of the PCCO be extended from 1 August 2016 to 2017.

3. Recommendation

- 3.1 That the proposed extension to the part time secondment of the Director Community Protection to the role of Chief Executive of the Police and Crime Commissioner's Office from 1 August 2016 until 31 July 2017, be agreed.
- 3.2 To agree that decisions on any further extensions to the secondment are delegated to the Chief Executive and Director of Environment to agree with the Policy & Crime Commissioner, rather than being referred back to the Committee.

4. Background

- 4.1 The re-elected Police and Crime Commissioner (PCC) has requested that the current arrangements, in place since 1 April 2013 and already extended until 31 July 2016, is further extended to 31 July 2017 with an opportunity to review it further at that point. The Director, Community Protection, Roy Wilsher, has been seconded on a part-time basis to the role of Chief Executive of the Police and Crime Commissioner's Office, alongside his current role within the Council.
- 4.2 The County Community Safety Unit, which is a joint venture between Hertfordshire Constabulary and the County Council, is already part of the Community Protection Directorate. The secondment of the Director of Community Protection as the PCCO's Chief Executive has over the past 3 years

greatly helped to strengthen the existing partnership with Hertfordshire Constabulary and has helped facilitate joint working / resource sharing between the PCC and the County Council. Examples of this include; the County Council providing the s.151 Chief Finance Officer function to the PCC via a secondment arrangement; shared work on Domestic Abuse support in the County; improved commissioning around support services; greater use of the Hertfordshire Home Security Service for victims of crime; shared resources by greater use of Community Protection's Training centre, 'Longfield' by the Police and partners and closer links between Police and Safer Neighbourhood Teams and Community Protection's District Teams.

- 4.3 With the ongoing pressure on police and council budgets, the Council needs to find creative ways to continue delivering quality services whilst reducing its costs. In the future, this arrangement may create more potential for further cross sharing of resources.
- 4.4 To date, there has been no detrimental impact from these arrangements for the County Council. The role of Director Community Protection and Chief Fire Officer has taken precedence in the case of local, regional or national emergencies. The Director Community Protection has withdrawn from some of his national commitments to enable him to undertake the additional work for his PCC role. He also has the continued support of the senior management team in the Community Protection Directorate.

5. Extension to the Secondment Arrangements

- 5.1 It is proposed that Roy Wilsher continues the Chief Executive role with the Police and Crime Commissioner's Office for two days a week from 1 August 2016 until 31 July 2017 and that he continues to operate as Director Community Protection and Chief Fire Officer, for three days a week.
- 5.2 It is proposed that any decisions on future extensions to this arrangement are delegated by the Committee to the Chief Executive to agree with the PCC.
- 5.3 The Police and Crime Panel will consider the PCC's proposal to extend the secondment as outlined above, once the Employment Committee (or the Chief Executive for any future extensions), has indicated whether it will agree to the extension.

6. Financial Implications

- 6.1 The employment and secondment arrangements for the extended secondment will remain on the same basis as for the current year.
- 6.2 The salary for the post of Director of Community Protection from 1 April 2016 is £135,701 per annum. He receives an additional £15k per annum paid as a one off honoraria payment (additional payment) to reflect the PCC Chief Executive responsibilities that he undertakes for 2 days a week. He will revert to his substantive role and pay at the end of the secondment. Such an adjustment is in accordance with the Council's Pay Policy for Senior Managers, which permits the Chief Executive and Director of Environment to

approve honoraria payments where an employee is temporarily taking on additional duties.

- 6.3 In addition, the PCC will continue to pay the County Council £72,809 per annum to reflect the Council's 50% share of the overall annual savings for the two organisations. This is based on the difference in the total cost of existing salaries for a senior manager in each organisation, less the total cost of one shared senior manager.
- 6.4 Any employment costs attributable to the secondment, including employer on-costs, will continue to be invoiced quarterly by the Council to the PCC in line with the original secondment agreement.

7. Equality Implications

- 7.1 There are no equality implications for the County Council by extending this arrangement.

8. Conclusions

- 8.1 The sharing of senior resources is an important step to help promote further joint working between the two organisations and also to help reduce senior manager pay bill costs.

Background Information

None

HERTFORDSHIRE COUNTY COUNCIL

**EMPLOYMENT COMMITTEE
MONDAY 20 JUNE 2016 AT 2.30PM**

Agenda Item
No.

2

**PENSION SCHEMES – ANNUAL UPDATE AND REPORT
ON LGPS EMPLOYER DISCRETIONS USAGE**

Report of the Director of Resources

Author: Emily Austin, HR Manager, Strategy, Policy & Reward
(Tel: 01707 292751)

Executive Member: Chris Hayward

1. Purpose of report

- 1.1 To present to Employment Committee an update on the Firefighters Pension Scheme (FPS), NHS Pension Scheme (NHSPS) and Teachers Pension Scheme (TPS), including the creation of local pension boards.
- 1.2 To provide an annual report on the use of the Local Government Pension Scheme (LGPS) employer discretions policy.

2. Summary

- 2.1 As reported to Employment Committee on 23 March 2015, on 1 April 2015 revised pension schemes were launched for the NHSPS, TPS and FPS all moving to a career average basis. A summary of the key elements of the revised pension schemes is set out in Appendix 1.
- 2.2 Local Pension Boards have now been set up for both the LGPS and FPS.
- 2.4 The County Council continues to operate the LGPS employer discretion policy approved by Council in 2014. There are only two main discretions that have been used this year; requests for flexible retirement; and requests to allow the transfer in of pension after the 12 month cut-off date.

3. Recommendations

- 3.1 That Employment Committee notes the content of the report.

4. Background

- 4.1 In 2011, Lord Hutton produced his report on 'Public Service Pension Provision' in which he made a number of recommendations on the future of public sector pension schemes. In the light of these recommendations, the Local Government Pension Scheme (LGPS) was revised and launched on

1 April 2014, as a Career Average Re-valued Earning (CARE) scheme or career average scheme.

- 4.2 On 1 April 2015, revised schemes were launched for the NHS, Teachers and Firefighters pension schemes; all moving to a career average basis. A summary of the key elements of the revised pension schemes are set out in Appendix 1.

5. Governance Arrangements

- 5.1 As part of Lord Hutton's 2011 report, there were also recommendations concerning improved governance of public service pension schemes. This has resulted in the requirement to establish Local Pension Boards (LPBs) for both the LGPS and the FPS. LPBs are not required for the TPS or NHS as these are centrally managed schemes.
- 5.2 Local Pension Boards for both the LGPS and the FPS are now fully operational. Their Terms of Reference and Constitutions can be found on Herts Direct, along with minutes from their meetings.
- 5.3 The LGPS Local Pension Board constitution was approved by County Council on 31 March 2015 and the first meeting was held on 22 September 2015.
- 5.4 The Local Pension Board for the FPS's constitution was approved by County Council on 21 July 2015 and the first meeting was held on 23 October 2015.

6. LGPS Discretions

- 6.1 As part of the 2014 changes, new pension discretions were developed. These were approved by Full Council on 15 July 2014. It was agreed that an annual report would be submitted to Employment Committee providing an update on pension changes and on the use of LGPS employer pension discretions.
- 6.2 The LGPS Policy on Exercise of Employer Discretions can be found on Herts Direct, Compass and the LPFA website. A summary of the discretions exercised since 1 April 2015 is as follows;
- 6.3 **Discretion 2 - Flexible Retirement Requests**
Flexible retirements are only agreed in exceptional circumstances and are employer initiated. Flexible Retirement is where an employee continues to work for an agreed, limited period and can start to draw their pension at the same time. Their hours or salary, however, need to reduce to help offset the cost of the early payment of pension. There have been 8 Flexible Retirements agreed since April 2015. Of those, 2 were in schools and 6 were in Council departments (3 in Health & Community Services, 2 in Children's Services and 1 in Environment).

6.4 **Discretion 9 – Inward transfer of Pension Rights**

The Council received 23 requests for the late transfer in of pension benefits. These are requests from employees to transfer pensions into the LGPS over 12 months from their start date at the Council. Of these, 22 were rejected and 1 is still pending a decision as further information has been requested.

7. Financial Implications

7.1 A number of the discretions above will have an impact on the pension fund. Each decision is made on a case by case basis, including an assessment of cost.

8. Equalities Implications

8.1 There are no equality implications of the changes to the pension schemes. An EQIA is conducted as part of the individual assessment of each request for the use of discretion on a case by case basis.

Appendix 1 - Summary of Pension Schemes Terms / Changes

	LGPS	NHS	Teachers	Fire
Scheme Date	2014	2015	2015	2015
Member contributions	5.5% - 12.5%	5% - 14.5%	7.4% - 11.7%	10% - 14.5%
Type of scheme	Career Average Revalued Earnings (CARE)	Career Average Revalued Earnings (CARE)	Career Average Revalued Earnings (CARE)	Career Average Revalued Earnings (CARE)
Pension Accrual rate	1/49 th revalued each year in line with CPI	1/54 th revalued each year in line with CPI +1.5%	1/57 th revalued each year by indexation +1.6%	1/58 th revalued in line with Average Weekly Earnings (AWE)
Retirement lump sum	Optional lump sum at a rate of 12:1 up to 25% of capital value	Optional lump sum at a rate of 12:1 up to 25% of capital value	Optional lump sum at a rate of 12:1 up to 25% of capital value	Optional lump sum at a rate of 12:1 up to 25% of capital value
Normal Pension Age	Equal to State Pension Age (min. 65 years of age).	Equal to State Pension Age (min. 65 years of age).	Equal to State Pension Age (min. 65 years of age).	60
Minimum Pension Age	55 (with an actuarial reduction) – must take both final salary and CARE benefits	55 (with an actuarial reduction)	55 (with an actuarial reduction) – must take both final salary and CARE benefits	55 (with an actuarial reduction – unless proven unfit for work)
Maximum Age	75	75	75	-
Flexibilities	50/50 scheme	Early Retirement Reduction Buyout (ERRBO).	Up to 3 phased retirements	-
Ill Health Provision	Yes	Yes	Yes	Yes
Death in Service	3 x annual pensionable pay.	2 x earnings in last 12 months	3 x FTE salary	3 x annual pensionable pay.
Increasing your pension	Additional Pension Contributions (APC), or Additional Voluntary Contributions (AVC).	Purchase of Additional Pension (AP) in units of £250, or Money Purchase Additional Voluntary Contributions (AVC).	Additional Pension, or Faster Accrual (1/45 th /1/50 th /1/55 th , or Buy Out.	Additional Pension Contributions (APC), or Additional Voluntary Contributions (AVC).