

NORTHAMPTON BOROUGH COUNCIL

GENERAL PURPOSES COMMITTEE

Monday, 15 October 2007

PRESENT: Councillor Matthews (Chair); Councillor Garlick (Deputy Chair); Councillors Collins, Duncan, Edwards, Scott and Varnsverry. Councillor Perkins was substituting for Councillor S Chaudhury.

1. APOLOGIES

Apologies for absence were received from Councillor Clarke.

2. DEPUTATIONS / PUBLIC ADDRESSES

RESOLVED: That K Farrier, Trade Union Side Secretary be granted leave to address the Committee in respect of Item 4 "Councils Severance Policy"

3. MATTERS OF URGENCY WHICH BY REASON OF SPECIAL CIRCUMSTANCES THE CHAIR IS OF THE OPINION SHOULD BE CONSIDERED

There were none.

4. COUNCIL'S SEVERANCE POLICY

K Farrier, Trade Union Side Secretary spoke on behalf of the Trade Unions (GMB, Unison, UCAAT and Unison). He drew the Committee's attention to a letter (previously circulated) dated 4th October 2007. The letter was in response to Cabinet rejecting the Trade Union's proposed new Severance Policy. He commented that the recommendation made by Cabinet would have a detrimental effect on recruitment, retention, employee morale and industrial relations.

He added that it had not been outlined in the reports whether the Trade Union Side proposal was in line with other Councils as the survey had been based on a small sample. No clear trend had been substantiated to confirm that this Council was overly generous in its redundancy payments or added years.

In light of the concerns raised by the Trade Union Side he recommended that this Committee consider the Trade Union Side proposal.

H Crabtree, Corporate Manager for Human Resources was invited to present the report. He commented that the Council had adopted a scheme in 2004. In March 2007 Council determined to continue with the 2004 scheme but to make appropriate revisions to the scheme to conform with updated Pension Regulations. Council had requested a review of the Scheme in 6 months.

In September 2007 a report went to Cabinet, outlining three options, including reducing the overall costs, shifting the balance of costs or maintaining the existing scheme. Cabinet had recommended taking forward the option of reducing the overall costs.

A further report on 1st October 2007 had been presented to Cabinet to introduce a low cost scheme. These recommendations were with the General Purposes Committee for consideration.

The Committee noted that anyone aged 50 years and over would be entitled to early release of pension. The Council would need to pick up the cost for early retirement. The cost to the Council in this situation was indifferent as it applied automatically.

The Committee noted that the granting of added years was discretionary. Currently it cost this Council £66k per month as a result of previous years added years decisions. The cost of this was payable throughout the individual's lifetime, after which 50% was paid to their spouse. The Pension Fund in Northamptonshire made a decision as of 1 April 2007, to be paid the actuarially estimated lifetime costs of augmented added years over a maximum of three years, increasing financial pressures to employer authorities in the short-medium term.

It was noted that if a Council granted added years it could not give enhanced redundancy payments. The Council could grant up to 102 weeks of enhanced redundancies.

He reported that the number of Council's choosing to grant added years was reducing. In Northamptonshire, only two authorities granted added years. Local Government Employers, Local Government East Midlands and Council's External Auditors had concluded that the current Council's scheme was out of line.

He confirmed the other two options outlined in the report, including the Trade Union Side proposal were within the regulations and legal.

It was difficult to portray the costs of the proposed scheme, as it depended on salary and years of service, however some examples were outlined in the appendices. The cost to the Council for anyone aged 50 or over would be indifferent. He added that the Council under the Pension Regulations was required to maintain a public confidence in relation to affordability.

I Procter, Director for Finance clarified that the capitalisation of redundancies during the Root and Branch exercise, took place, as the Council could not afford to pay the cost. Capitalisation meant that the redundancy payments could be funded either pay using capital receipts or prudentially borrowed. Based on today's market the Council would be paying approximately 10% on the borrowed amount. I Procter illustrated the type of impact pension and added years have on the financial position of the authority by indicating that included in the overspend currently being projected for this year, £300K was as a result of decisions taken as part of the 2007/08 budget process. She reported that the Comprehensive Spending Review revealed that there would only be a 1% increase in funding for Councils across England. The Council faced real pressure and a funding gap, which could impact on current staffing and services. The Trade Union Side and other proposals were simply not affordable by this Council.

The Committee noted that Councillor B Hoare, Portfolio Holder for Performance was present at the meeting to answer any questions the Committee might have on behalf of the Cabinet.

The Committee noted that it was difficult to identify the average salary of those individuals currently receiving redundancy pay, as the cost was not necessarily due to high pay, but the years of service.

M Littlewood, Trade Union Side was allowed to speak in answer to a question from the Committee. He commented that the Trade Union Side had requested to see the copy of the

survey results, and that this had been given to them. However no further evidence had been provided and they felt that neither this Committee nor Cabinet had been given any further evidence, to support assertion that the Council was out of line with other authorities.

The Committee agreed that the Council was in an unfortunate situation. The Council could not financially afford the other proposals. They needed to show responsibility to the public especially given the cuts in services. Carrying out a wider survey would not have changed the Council's affordability position.

Councillor Perkins proposed the recommendation to adopt the Severance Scheme (Appendix 1) and Statement of Discretions (Appendix 2) with effect from 16 November 2007. Councillor Collins seconded the proposal. The proposal was carried with 5 votes favouring and 3 abstentions.

Councillor Perkins proposed the recommendation to make provision of the existing Severance Scheme adopted by Council on 26th March 2007 apply to 2 members of staff still at risk as a direct result of the budget efficiency savings, unless the provision of the new scheme were more favourable to them. Councillor Collins seconded the proposal. The proposal was carried with 6 votes favouring the proposal.

- RESOLVED:**
- 1. That the Council adopt the recommended Severance Scheme (Appendix 1) and Statement of Discretions (Appendix 2) with effect from 16 November 2007.**
 - 2. That provision of the existing Severance Scheme adopted by Council on 26 March 2007 apply to 2 members of the staff still at risk as a direct result of the budget / efficiency savings, unless the provision of the new scheme are more favourable to them.**

10. EXCLUSION OF PUBLIC AND PRESS

There were none.

The meeting concluded at 18:45