

**MINUTES OF THE MEETING OF THE PERSONNEL PANEL
HELD AT FOLLATON HOUSE, TOTNES ON THURSDAY 3 JUNE 2004**

MEMBERS

* Cllr J O'Connell - Chairman

∅ Cllr J A Westacott - Vice-Chairman

* Cllr R F Croad

* Cllr R O Yonge

* Cllr M F Saltern

* Denotes attendance

∅ Denotes apology for absence

Also in attendance at the invitation of the Chairman:
Cllr J T Pennington for Item 5 Strategic Personnel Issues
(see minute PP.3/04 below)

Pete West for Part of Item 8 Personnel Implications Following the Review of the
Heads of Service Tier (see minute PP.6/04 below)

Also in attendance but not participating:
Cllr D W S Thorning

PP.1/04 **MINUTES**

Following advice that the date of the last meeting of the Personnel Panel shown as 2 March 2004 on the agenda was incorrect, the minutes of the meeting of the Panel which was held on 18 March 2004 were confirmed as a correct record and signed by the Chairman.

PP.2/04 **DECLARATIONS OF INTEREST**

Members were invited to declare any interests in the items of business to be considered during the course of the meeting but none was declared.

PP.3/04 **STRATEGIC PERSONNEL ISSUES**

A report was considered which advised Members of a number of major strategic personnel matters that would require detailed consideration by the Council over the next two to three years. These matters related to growing external pressures on the Council in its role as a major employer.

The key issues were identified as follows:-

- The actuarial review of the Pension Scheme (Autumn 2004);
- The statutory review of pension provisions (current and ongoing);
- National pay negotiations (current and ongoing);
- The proposed move to single status and equal pay (2006/2007?).

The report highlighted the probable implications for the Council of these developing external pressures and the importance of formulating a medium term plan to deal with them so as to reduce the risk of legal or industrial action. However, Members were reminded that a balance had to be struck between the Council's responsibilities as an employer and the duty it owed to the electorate and service users.

The Panel then considered each of the key issues in turn.

A Actuarial Review of the Pension Scheme

In discussion:-

- (a) Members were advised that the actuarial review of the pension scheme was undertaken on a triennial basis and that with a review currently underway authorities would be notified of their new contribution rates in the autumn. The review focused not only on the projected market performance of the scheme for the next three years but also in the longer term with the assessment of many factors such as life expectancy. The actuary's findings would depend on the view taken of future market and other trends.

It was noted that on receipt of the report, representatives of the Council would be invited to meet with the actuary to discuss the assumptions on which the assessment was based;

- (b) Members were informed that it was anticipated that the actuarial review would show a deficit on the scheme so precipitating an increase in the employers contribution rate. It was noted that this Council's current contribution (9.6%) was comparatively low compared to other authorities, however, even a 1% increase would equal approximately £80,000 of additional costs. Members expressed concern that any such additional costs, in the absence of further financial assistance from government, would have to be found from a combination of savings and increased Council Tax and that consideration need therefore to be given to how to deal with the public relations implications of this.

In response to the Panel's suggestion that increased contributions could be considered from employees, Members were reminded that the employee contribution level, currently of 6%, was fixed by statute, although the scheme allowed for employees to supplement their pension benefits through the buying of additional service and free standing investment plans

- (c) Support was expressed for the proposal that the Council should collate data on the comparative operation of pension schemes across the public and private sector in preparation to answer any criticism from local residents concerning increased employer contributions to the pension scheme.

It was further proposed that the government should be lobbied to permit the Council to make a lump sum contribution to the scheme from capital funds as a means of ameliorating the impact of any increase and further that the prospect for the phasing in of higher employer contributions could be explored;

- (d) Members' view that, in the past, insufficient weight had been given to the value of the pension scheme in negotiations with employees' representatives;
- (e) It was confirmed that the actuary had agreed to factor in the outcome of the statutory review of pensions provisions, subject to the findings being available.

B Statutory Review of Pension Provisions

Members were reminded that this review had been initiated by the Office of the Deputy Prime Minister (ODPM) during late 2003 with an initial stock take review. This had now been followed with further consultation papers with a deadline for responses of 30 June 2004.

It was noted that, whilst the documents did not provide detailed explanation, they did provide an indication that the ODPM was minded to include the following proposed changes:-

- Retirement age to be raised from 60 to 65;
- The earliest that any Local Government Pension Scheme (LGPS) member could gain access to benefits (not including ill health) to be raised from 50 to 55;
- A scheme for phasing in the changes which suggested that employees who attain age 60 and satisfy the 85 year rule before April 2013 would be fully protected;
- Under the phasing proposals, partial protection for those LGPS members who attain the age of 50 by the 31 March 2005. This would allow continued access to pension benefits from age 50 (i.e. redundancy and Interest of Efficiency retirements) but these benefits would suffer an actuarial reduction based upon a formula to be agreed.

In discussion, particular reference was made to:-

- (a) The Panel's disappointment that the ODPM's initial consultation did not appear to have heeded the concerns submitted by it in the Autumn of 2003;
- (b) The removal from the proposals of any suggestion that the ODPM intended to introduce an increase in the employers contribution to the scheme which was an option supported by the Council;
- (c) The likelihood of the future of the scheme and the cost drivers being further complicated with the introduction from 2006 of legislation on age discrimination;
- (d) The time-scale of the changes being proposed which the Panel regarded to be too rapid with little indication of how the detail of the process by which they were to be implemented. Members expressed disappointment that their support for a phasing in of the changes had not been fully taken up and that the formula for any limited phasing that was proposed was not available for consideration, a factor would undoubtedly impact badly on industrial relations;
- (e) The Panel's support for a proposal that a joint statement from Devon councils should be canvassed for submission to the ODPM, setting out the concerns with the changes as currently proposed.

C Pay Negotiations

The Panel was reminded that many authorities had been dissatisfied with the national negotiator's position during the 2003 pay round. As a result, it was apparent that the national employers had taken a tougher stance with the current talks, particularly in relation to trying to secure a longer term pay deal (3 years) which would enable authorities to more effectively plan ahead.

Whilst the employees' side had so far rejected the employers' offer and indicated its wish to focus predominantly on pay, the employers' proposals covered a variety of aspects of conditions of service.

In discussion, particularly regarding other cost drivers on the salary bill, reference was made to the likely impact of the equal pay legislation, resulting in many authorities undertaking equal pay audits to minimise the risk of any future litigation.

It was agreed that the Panel would be kept informed of any developments during the progression of the pay negotiations.

D Proposed Move Towards Single Status and Equal Pay

The Panel was reminded that following the pay settlement of 1997, all local authorities were committed to work towards a fully integrated workforce with all employees enjoying common terms and conditions of service. This commitment was not formally time limited and this Council had made some progress with the introduction of a basic 37 hour week for all staff, although there clearly remained much more to be done.

In discussion, the Panel agreed that the Council's progress should be compared with other authorities in order to derive any benefit from the experiences of others. The view was also expressed that the process towards 'single status' or harmonisation should be incremental in order to allow the costs to be absorbed and monitored.

The Chairman concluded the discussion by emphasising his belief that all of Council needed to be fully aware of the growing pressures on the Council in its role as an employer.

To this end, the Chairman was supported in his proposal that a workshop be arranged for all Members on the strategic personnel issues as identified in the report before the Panel. He further proposed that Members receive a 13 month account of employment costs to assist the Members in their understanding and, which, he believed would provide a means of bringing such strategically important issues back to Members.

RESOLUTION

That:-

1. The views of other local authorities in Devon be canvassed with a view to submitting a joint letter to the Office of the Deputy Prime Minister in response to the consultation on the Statutory Review of Pension Provisions;
2. A letter be sent to the National Employers detailing this Council's concern that any proposed pay increase should be aligned with the revenue support grant received from government;
3. Officers be asked to arrange a workshop on the strategic personnel issues, to be open to all Members;
4. Officers be asked to investigate the possibility of producing a 13 month account of employment costs for circulation to all Members.

PP.4/04 **JOINT STAFF CONSULTATIVE FORUM (JSCF):
REVISED CONSTITUTION**

The Panel considered a report which, following a review of the operation of the Joint Staff Consultative Forum (Follaton House) (JSCF), proposed a revised constitution for the forum.

It was considered an opportune time to undertake a review of the forum's constitution given the recent management changes and the will on all sides to learn from the process. It was intended that the revised constitution would therefore consolidate the collaborative nature of the forum's activities and provide greater and more pertinent representation to the staff.

The Panel's attention was particularly drawn to the staff representatives desire to see greater Member involvement with the forum.

RESOLVED

That the revised constitution of the Joint Staff Consultative Forum (Follaton House) be agreed as detailed in the report before the Panel.

PP.5/04 **EXCLUSION OF PUBLIC AND PRESS**

RESOLVED

That, in accordance with Section 100(A)(4) of the Local Government Act 1972, the public and press be excluded from the meeting during consideration of the following items of business as the likely disclosure of exempt information as defined in paragraph 1 of Part 1 of Schedule 12A to the Act is involved.

PP.6/04 **PERSONNEL IMPLICATIONS FOLLOWING THE REVIEW OF
THE HEADS OF SERVICE TIER**

Consideration was given to an exempt report which informed Members of the proposed redundancy of a Senior Manager following completion of the review of the Council's senior management structure.

It was noted that, as a result of the review, the post in question had been deleted from the new structure.

The Chairman welcomed Pete West, an executive member of Unison, to the meeting and invited him to address the Panel on behalf of the Senior Manager involved. Following Mr West's representation he withdrew from the meeting.

The Members of the Panel expressed their gratitude to the Senior Manager for his long years of service to the Council. In addition, the Panel supported the level of compensatory payment as had been proposed by Unison.

RESOLVED

That the details of the redundancy of the employee as identified in the report before the Panel be approved and that the level of compensatory payment be the higher amount of the options referred to in the report.

PP.7/04 **REVENUE AND BENEFITS SERVICE: REVIEW OF CLIENT FUNCTION**

An exempt report was considered which informed the Panel of a potential redundancy in the Revenue and Benefits Service. The proposed redundancy had arisen as a result of the decision to restructure the Client Function of the Service.

The Panel acknowledged the long service of the individual involved.

RESOLVED

That the redundancy as detailed in the report before the Panel be approved.

PP.8/04 **CLOSURE OF SOUTH DARTMOOR TOURIST INFORMATION CENTRE (TIC)**

Members considered an exempt report detailing the staffing implications arising from an earlier decision of the Council to close the South Dartmoor Tourist Information Centre (TIC).

RESOLVED

That the redundancy of staff employed at the Tourist Information Centre be approved as detailed in the report before the Panel.

(Meeting commenced at 2.00 pm and concluded at 4.45pm).

Chairman