

To: Council

Date: 14<sup>th</sup> April 2014

Report of: Head of Human Resources and Facilities

Title of Report: LOCAL GOVERNMENT PENSION SCHEME (LGPS) 2014  
– EMPLOYER DECISIONS ON DISCRETIONS AND REVIEW OF OTHER  
EMPLOYMENT POLICIES

## Summary and Recommendations

**Purpose of report:** The Council is required to make decisions about various matters relating to the application of the Local Government Pensions Scheme (LGPS). These are in place for the current scheme as previously agreed by Council. As the new LGPS comes into force on 1<sup>st</sup> April 2014, these discretions need to be reviewed in that context. A number of other existing employment policies have also been reviewed in consultation with both trade unions and revisions are proposed.

**Executive lead member:** Councillor Bob Price

**Policy Framework:** Corporate Plan priority 'Effective and Efficient Council'

**Recommendation(s):** 1) That the employer discretions under the LGPS and other pension related Regulations as recommended in Appendices 1 and 2 be approved with retrospective effect from 1<sup>st</sup> April 2014.  
2) That the revisions to the employment policies as summarised in the body of the report be approved and that the Head of Human Resources and Facilities be authorised to amend the policies in accordance with those described changes and to promote/implement the revised policies on a date to be fixed by him.  
3) That the Head of Human Resources and Facilities be also authorised to amend the policies from time to time in order to correct any factual or legal errors.

## Introduction

1. The Council is required to confirm how it will apply certain employer discretions in relation to LGPS and other pension related Regulations. As a new scheme comes into force on 1<sup>st</sup> April 2014 it is necessary to determine new and review existing discretions and ensure they comply with the changes and continue to achieve the Council's business needs.

2. The Council's continual progression of its people management initiatives includes the periodic review of existing employment policies in consultation with trade unions. The following policies have been reviewed:-
  - Employee Code of Conduct
  - Attendance Management
  - Performance Improvement
  - Organisational Change
  - Smoking
  - Probation
  - Pay Policy Statement
3. The following paragraphs summarise the reviews and recommended decisions.

### **Pension Policy Discretions**

4. The use of discretions is complex and in completing the review consideration has been given to:-
  - Ensuring they work effectively in relation to each other
  - Providing the right balance between flexibility and consistency, taking into account business need.
  - Reflecting the current arrangements (which have worked effectively in practice)
5. The general approach has been to minimise costs to the Council. The tables attached at Appendices 1a, 1b and 1c summarise the decisions required and the recommendations in relation to each. It should be noted that some of the recommendations are provisional as not all legislation and software solutions are confirmed.
6. The current discretions have been combined into one document, Pension and Retirement Options, which is attached at Appendix 2a. The discretions under the Discretionary Compensation Regulations 2008 (which apply to ex-employees who have retired) is attached at Appendix 2b.

### **Employment Policies**

7. **Employee Code of Conduct:** This policy will be edited and reformatted to make it read better and delete anything superfluous. The only substantive change will be greater clarity relating to conduct ensuring that staff do not bring the Council into disrepute through activities in their private lives (e.g. being the subject of enforcement action).
8. **Attendance Management:** This policy will be amended in the following ways:

- More clarity around the Attendance Review process (i.e. the meeting held with employees when there are concerns over attendance and a consequent action plan which aims to improve attendance)
- More structure and prescription in action plans where there are concerns over staff attendance
- Confirmation of absence intervention 'trigger' scores included in action plans so that employees know where they are in relation to intervention thresholds
- More emphasis on disability adjustments being made earlier in the process
- A reduction in the existing Attendance Review intervention levels to identify and address attendance issues at an earlier stage. These levels are calculated according to the number of days and incidents of sickness an employee has and are set at a point where attendance needs addressing
- Introduction of a new Attendance Review intervention level to tie in with the corporate sickness targets i.e. 7 days off sick in any year for 14/15 and 6 days off sick in any year from 15/16

Given the Council's overall sickness has increased in 13/14 (7.8 days) over 12/13 (7.16 days) it's appropriate to have an earlier intervention to help improve attendance. Trade Unions and management agree that the Attendance Review process (which follows an employee 'triggering') is a supportive and not punitive process.

However Trade Union colleagues do not want any changes to the existing triggers and their position is that:

- They do not accept that reducing the existing intervention levels will improve attendance so they reject the lower thresholds.
- They do not accept that a breach of the corporate sickness target should result in a review of attendance.

It is also both Unions' position that they do not agree to the implementation of the proposed triggers and that they are being imposed.

Management does not concede this point as the intervention levels are merely a trigger at which management action is taken (i.e. a meeting with the employee about their attendance) and do not form part of the contract of employment. The aim of this meeting is to assist the employee improve their attendance in a variety of ways.

We will therefore extract the intervention levels from the Policy to ease future changes (which will be discussed with trade unions in advance of making any changes).

9. **Performance Improvement:** There are minor changes to give more clarity about the informal process and there are now links to the

Appraisal Process and Behavioural Framework. More emphasis is placed on employees taking personal responsibility to engage in the process to improve their performance.

10. **Organisation Change:** This policy has been reformatted to remove some significant passages of duplication and it now includes the redundancy payments policy (which was contained within a different policy making it easier to use. There are no significant changes to the procedure.
11. **Smoking:** The main change to the policy is the incorporation of e-cigarettes which are not to be used in the workplace.
12. **Probation:** All employees at the Council are required to complete a successful probation period before their employment is confirmed. This policy clarifies what happens in practice currently and ensures that employees and managers are clear of their responsibilities. The changed probation form also ties in to the Council's behavioural framework.
13. **Pay Policy Statement:** The statement has been updated to reflect the current year's data. The Council is required to update this statement annually and to publish it.

### **Councillor Pensions**

14. It should be noted that the latest Regulations remove the Pension Scheme for Councillors. No new elected members can therefore join the scheme from 1<sup>st</sup> April 2014 and for active scheme councillor members, membership will cease with their current terms of office, even if re-elected at the next election.

### **Level of Risk**

15. A risk register is attached at Appendix 3.

### **Climate Change / Environmental Impact**

16. There are no climate change or environmental impacts.

### **Equalities Impact**

17. An initial equality impact assessment is attached at Appendix 4.

### **Financial Implications**

18. The pension discretions have been developed from the perspective of minimising cost to the Council, but retaining flexibility to meet the Council's business objectives.

19. The change in Attendance Management triggers will assist with the continued robust management of attendance. Keeping absence to a minimum reduces direct financial costs to the Council in terms of sickness pay and covering absences by agency staff and increases efficiency and staff morale.
20. There could be costs to the Council if it does not continually review and update policies as there is an increased risk of costs resulting from less effective staff management such as legal costs, costs arising from damage to the Council's reputation and costs associated with increased absence rates.

### **Legal Implications**

21. The Council is required to have policy statements on the use of discretions. The Council would be failing in this obligation by not agreeing and publishing these policies.
22. Employment policies form part of the Council's terms and conditions of employment for all employees, requiring all staff to adhere to their contents. Managers are required to ensure consistent, fair and equitable application of these policies to meet employment law requirements and good practice.

### **Appendices**

23. 1a – Pensions Regulations Policy Discretions Table
- 1b – Pensions Regulations Retirement Discretions Table
- 1c – Pensions Regulations Actuarial Reduction Discretions Table
- 2a – Pension and Retirement Options Statement
- 2b – Discretionary Compensation Regulations 2008 Discretions
- 3 – Risk Register
- 4 – Initial Equality Impact Assessment

<b>Name and contact details of author:-</b>
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Name: Simon Howick Job title: Head of Human Resources and Facilities Service Area: Human Resources Tel: 01865 252547 e-mail: showick@oxford.gov.uk
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**List of background papers:** *None*

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