

|                             |  |
|-----------------------------|--|
| <b>TITLE</b>                | <b>Localism Act: Pay Policy Statement for 2012/13</b>    |
| <b>FOR CONSIDERATION BY</b> | The Special Council Executive Committee on 29 March 2012 |
| <b>WARD</b>                 | None specific  |
| <b>STRATEGIC DIRECTOR</b>   | Graham Ebers, Strategic Director Resources               |
| <b>LEAD MEMBER</b>          | Ullakarin Clark, Executive Member for Internal Services  |

**OUTCOME**

That the Policy Pay Statement for 2012/13 is published on the Council's website by 31 March 2012 in accordance with the Localism Act 2011.

**RECOMMENDATION**

The Special Council Executive Committee is recommended to approve the attached Policy Pay Statement for 2012/13 for publication on the Council's website by 31 March 2012 in accordance with the Localism Act.

**SUMMARY OF REPORT**

The Localism Act 2011 requires, by 31 March 2012, all local authorities to produce, approve (by Full Council) and publish a Pay Policy Statement for 2012/13 and then annually thereafter.

A draft Pay Policy Statement is attached below designed to meet these requirements in terms of describing senior manager pay and benefits arrangements and the ratio of senior management salaries to the rest of the workforce. These new legal requirements are designed to bring greater transparency in public body operations.

Those elements in italics, and the appendix relating to employer discretions under the Local Government Pension Scheme, are not required by legislation but are recommended by the Local Government Association (LGA) as good practice in terms of transparency and promoting a well-informed public.

## Background

Corporate Leadership Team considered and endorsed the draft Pay Policy Statement on 07.02.12 and decided to retain the optional elements in italics for Member consideration.

UNSION have been briefed on the purpose and contents of the draft Pay Policy Statement.

## Analysis of Issues

The proposed Pay Policy Statement is designed to meet the requirements of the Localism Act. Members may wish to include or exclude any elements in italics as these are not required by the Act but are recommended by the Local Government Association (LGA) as good practice in terms of transparency and promoting a well-informed public.

In terms of the ratio of senior manager salaries to the rest of the workforce there is no proscribed methodology in the Localism Act. However, the ratio of median average senior salaries to median average other salaries, or mean average senior salaries to mean average other salaries, and /or the ratio of most highly paid to lowest paid are generally considered to be appropriate measures.

The Localism Act places no additional requirements to publish salary details of senior posts than we currently publish each year on our website : it simply requires us to publish annual pay policy statements as set out in the report

|  |
|--|
| <b>List of Background Papers</b>   |
| CLT Report 07.02.12.<br>"Localism Act: Pay Policy Statements Guidance for Local Authority Chief Executives"<br>(Nov 2011). |

|                                   |  |
|-----------------------------------|--|
| <b>Contact</b> Jan Hale           | <b>Service</b> HR                      |
| <b>Telephone No</b> 0118 974 6116 | <b>Email</b> jan.hale@wokingham.gov.uk |
| <b>Date</b> 19 March 2012         | <b>Version No.</b> 0.1                 |

## WOKINGHAM BOROUGH COUNCIL

### PAY POLICY STATEMENT FOR 2012/13

*Note for Members: Elements in italics - and Appendix 1- are recommended by LGA as improving public awareness/ perception but are not specifically required by law*

**Note:** for the purposes of this Policy Statement the term "Chief Officer" is as defined under Section 43 of the Localism Act 2011 i.e.

- Head of Paid Service i.e. Chief Executive
- Monitoring Officer
- Statutory Chief Officer (Director of Adult Care, Director of Children's Services, Section 151 Officer)
- Non statutory Chief Officer who reports directly to head of paid service or in relation to all or most of their duties is required to report directly or is directly accountable to Head of Paid Service or to the Local Authority itself or its Committees or Sub Committees
- Deputy Chief Officer i.e. anyone who reports directly to any of the above

Although falling within the definition of Chief Officer under the Localism Act, the pay policy applying to the following posts is as set out in Section 3 below for non Chief Officers:

posts reporting directly to the Chief Executive:

- Director of Transformation
- Director of Legal and Electoral Services
- Director of Business Assurance & Democratic Services

## 1. INTRODUCTION

This Policy statement sets out the Council's policy in relation to its non school workforce and is designed to meet the requirements of the Localism Act 2011.

*For clarity and simplicity it also includes- at Appendix 1- our policy on approving discretionary compensation payments and additional pension payments on early termination of employment.*

This Policy was formally approved by a resolution of the Council on 23 February 2012. It may be reviewed from time to time, including in-year, and any revision must be formally approved by the Council. This policy and any subsequent amendments will be published on [www.wokingham.gov.uk](http://www.wokingham.gov.uk)

## 2. CHIEF OFFICERS

### **Policy on level and elements of remuneration for Chief Officers**

The Council benchmarks its pay rates against relevant comparator groups. For Chief Officers the Council pays "spot salaries" (i.e. no incremental range) and seeks to position itself appropriately in the market in terms of pay.

Levels of pay for Chief Officers, and the details of the scheme for performance-related pay (prp), are approved by the Personnel Board.

As applies across the whole Council workforce, business mileage is paid at HMRC rates and reasonable business expenses (e.g. rail and taxi fares while on business away from work location) are reimbursed on the basis of claims supported by receipts. No bonuses or benefits in kind are payable.

Details of the levels of salaries and benefits of Board level senior management (i.e. Chief Executive, Strategic Directors and Director of Transformation) are published annually on [www.wokingham.gov.uk](http://www.wokingham.gov.uk). *These levels should be viewed in the context of the Council employing approximately 950 FTE staff (non-school) plus 2800 FTE school staff and managing a gross budget just under £350m per annum.*

*Employee pension contributions – see section 4 below (all employees).*

#### **Policy on Chief Officers who:**

- **Were previously employed by WBC and left with a severance or redundancy payment and return to WBC as a chief officer.** As with all staff, and in line with the Redundancy Payments (Continuity of Employment in Local Government, etc) (Modification) Order 1999 as amended, any such severance or redundancy payment is not payable / must be repaid if the employee receives an offer of a job from WBC (or any other Modification Order body) before the termination of their employment with WBC and takes it up within 4 weeks of the end of the old employment.
- **Were previously employed by WBC and return as a Chief Officer under a contract for services.** As with all staff, if they return as a contractor / consultant on a contract for services, rather than as an employee under a contract of service, repayment of redundancy / severance payment is not required / applicable.
- **Are in receipt of an LGPS or Fire fighter pension (whether or not previous service was with same authority).** As with all staff, under pension regulations, the pension remains in payment and is unaffected by any return to employment with any employer.

**Policy on Chief Officers' remuneration on recruitment ; increases and additions to remuneration; use of prp and bonuses, termination payments.** Chief Officers are appointed on a spot salary for the job (their jobs do not have an incremental range). Their salary is increased by nationally negotiated increases agreed by the

- Joint Negotiating Committee (JNC) for Chief Executives and
- Joint Negotiating Committee (JNC) for Chief Officers

*Similarly, terms and conditions agreed nationally by these bodies are also applied, with local variations as appropriate.*

There is a performance related pay (prp) scheme approved by the Personnel Board and based on an assessment of performance against objectives. It applies only to Chief Executive, Strategic Director, Director of Transformation, Director of Legal and Electoral Service roles. The assessment of performance against objectives as part of the prp

scheme is undertaken by the Leader of the Council (in relation to the Chief Executive) and the Chief Executive in relation to other participants in the scheme.

*There is no bonus scheme or termination payments scheme. As with the whole workforce, where, exceptionally, a compromise agreement is entered into the terms of the compromise agreement are agreed on the merits of a particular case.*

**Payment arrangements for local returning officer.** Payments for European, National Elections and Referendums are as set by statute. Payment for Local and Parish Elections are in line with the "Dorset Scheme" developed by Dorset County Council and updated annually in line with any pay increase agreed by the National Joint Council (NJC) for local government services.

### **3. NON CHIEF OFFICERS**

**Policy on remuneration of lowest paid employees.** The Council applies the national pay agreements reached by the

- National Joint Council (NJC) for Local Government Services
- National Joint Council (NJC) for Youth & Community Services
- Soulbury Committee

Local variations are applied as appropriate.

**Market supplements.** *The Council will consider the use of market supplements to be applied to specific posts in the event of recruitment and /or retention difficulties. Where such supplements are introduced they will be applied, reviewed and withdrawn in accordance with the Council's policy.*

**Job grading and Incremental progression.** *All jobs below Head of Service (excluding those covered by national Youth & Community and national teaching-related Soulbury grades) are evaluated using the Peodesy job evaluation system. This puts jobs into one of eleven grades derived from carving up a national pay spine (WBC Local Grades 1-11). The Council will benchmark its pay rates against a comparator group and, for non Chief Officers, will seek to position itself appropriate to the market in terms of pay. Each of the WBC Local Grades 1-11 has a series of incremental steps, progression within which is subject to satisfactory performance. Increments can be withheld in the event of unsatisfactory performance. Progression by more than one increment, up to the maximum of the grade, can be made in acknowledgement of exceptional performance. The Council will benchmark its pay rates against a comparator group and, for non Chief Officers, will seek to position itself appropriate to the market in terms of pay.*

#### **Policy on relationship between remuneration of Chief Officers and other officers**

The ratio of **mean** pay and prp of Chief Officers to **mean** pay of all non-schools officers below Chief Officer at 05.01.12 was **2.8:1 (rounded to 3:1)**.

The ratio of **median** pay and prp of Chief Officers to **median** pay of all non-schools officers below Chief Officer at 05.01.12 was **2.77:1.(rounded to 3:1)**.

The ratio of **highest paid** (Chief Executive, full-time) to **lowest paid** officer (WBC Grade 3 full-time equivalent) at 05.01.12 was **9:1**.

#### 4. ALL EMPLOYEES (INCLUDING CHIEF OFFICERS)

##### **Pension Scheme**

The Local Government Pension Scheme (LGPS) is a funded scheme with contributions from both employer and employee. The WBC employer contribution rate is at 3 yearly valuations of the scheme's pension fund and is currently as follows:

| 2011/12  | 2012/13  | 2013/14  |
|--|--|--|
| 13%  | 13%  | 13%  |
| plus   | plus   | plus   |
| £867,000<br>(payment to<br>cover<br>shortfall) | £990,000<br>(payment<br>to cover<br>shortfall) | £1,123,000<br>(payment<br>to cover<br>shortfall) |

The employee contribution rates are set nationally, increase in line with size of full-time equivalent salary and were as follows for the period 1st April 2011 to 31st March 2012 :

| <b>Band</b> | <b>Full-time equivalent salary<br/>range</b> | <b>Contribution<br/>Rate</b> |
|-------------|--|------------------------------|
| 1           | £0 - £12,900                                 | 5.5%                         |
| 2           | Over £12,900 to £15,100                      | 5.8%                         |
| 3           | Over £15,100 to £19,400                      | 5.9%                         |
| 4           | Over £19,400 to £32,400                      | 6.5%                         |
| 5           | Over £32,400 to £43,300                      | 6.8%                         |
| 6           | Over £43,300 to £81,100                      | 7.2%                         |
| 7           | Over £81,100                                 | 7.5%                         |

More information about the Local Government Pension Scheme can be found at <http://www.rbwm.gov.uk/berks-pension/>

v0.5 : 24.01.12

## Appendix 1



### EMPLOYER DISCRETIONS – STATEMENT OF POLICY

#### LOCAL GOVERNMENT PENSION SCHEME REGULATIONS 2007 (as amended)

The Employing Authority known as **Wokingham Borough Council** resolved, at a meeting of the Personnel Board on 3rd June 2008 that the following regulations, contained in the above Statutory Instrument, and subsequent amendments, should be implemented as set out below.

---

#### **PART A – Formulation of policy is Compulsory in accordance with Regulation 66 of the Local Government Pension Scheme (Administration) Regulations 2007 (as amended)**

Regulations in this part refer to the Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007 (as amended)

#### **1. Regulation 12 - Power of an employing authority to increase total membership of active members.**

**The Regulations provide:** that an employer may resolve to increase the total membership of an employee at any time whilst he is an active member of the Scheme with them. The maximum additional membership period that can be awarded is 10 years.

The employer must pay to the Pension Fund, within one month from the date that any additional membership is awarded (or such longer period as agreed between the employer and the administering authority), a sum as calculated in accordance with guidance issued by the Government Actuary.

#### **Wokingham Borough Council Policy**

The Council may use this Regulation 12 discretion to award additional membership of the LGPS, judging each case on its merits. The Personnel Board must approve any recommendation for any additional payment under Regulation 12.

This enhancement can be awarded to any employee who is a member of the LGPS, regardless of the age of the employee. This decision can be made at any time during the employee's LGPS membership and must be made before the employee's termination date with the Council, or up to 6 months afterwards.

This regulation can be used in the case of redundancy or in the case of termination on the grounds of efficiency of the service.

This regulation may also be used in cases of very difficult domestic circumstances. No further enhancement will be made where added years have previously been awarded.

Guidance Note: Making discretionary payments increases the costs to the Council. Members will need to consider the financial and other reasons for using this discretion and a strong business case must be stated in a report to members. The Regulations specify that an employing authority must have regard to the extent to which the exercise of their discretionary powers (in accordance with its policy), unless properly limited, could lead to a serious loss of confidence in the public service and can be satisfied that the policy is workable, affordable and reasonable having regard to the foreseeable costs.

---

## **2. Regulation 13 – Power of employing authority to award additional pension**

**The Regulations provide:** that an employer may resolve to award an employee, at any time whilst he is an active member of the Scheme with them, additional pension of not more than £5,000 a year payable from the same date as his pension is payable under any provisions of the Local Government Pension Scheme Regulations.

Additional pension may be paid in addition to any increase of membership under regulation 12 of the LGPS (Benefits, Membership and Contributions) Regulations 2007 (as amended).

The employer must pay to the Pension Fund, within one month from the date that any additional membership is awarded (or such longer period as agreed between the employer and the administering authority), a sum as calculated in accordance with guidance issued by the Government Actuary.

### **Wokingham Borough Council Policy**

The Council may use this Regulation 13 discretion to award additional pension of not more than £5,000, in exceptional circumstances judging each case on its merits. The Personnel Board must approve any recommendation for any additional payment under Regulation 13.

---

## **3. Regulation 18 – Flexible retirement**

**The Regulations provide:** that where a member who has attained the age of 55 and who, with his employer's consent, reduces the hours he works, or the grade in which he is employed, may make a request in writing to the appropriate administering authority to receive all or part of his benefits under the Regulations, and such benefits may, with the employer's consent, be paid to him notwithstanding that he has not retired from that employment.



If the payment of benefits takes effect before the member's 65<sup>th</sup> birthday they will be reduced in accordance with guidance issued by the Government Actuary unless the employer agrees to waive, in full or in part, any such reduction at their cost.

In the case of a person who was an active member on 31<sup>st</sup> March 2008, and who makes a request before 31<sup>st</sup> March 2010, substitute the age of 55 above with the age of 50. For a member to take advantage of this right on the grounds of flexible retirement, he or she must have remained in the same continuous employment with the same employer throughout the period from 31 March 2008 to the date (before 1 April 2010) that he retires.

#### **Wokingham Borough Council Policy**

Where the benefits are to be actuarially reduced or there are no additional costs to the Council, approval need only be obtained from the General Manager of the Service and the General Manager Business Services.

Members consent is required where an employee makes a request for the reduction of benefits to be waived. This means that where there is an additional cost to the Council (including as a result of the application of 'rule of 85'), Personnel Board approval must be obtained.

Members may use their discretion to waive the reduction of benefits to e.g. enable the Council to retain key skills in posts that are difficult to recruit to; in the case of an employee with carer responsibilities or for individuals with ill health (other than where ill-health retirement applies) or disability. The Council's policy is that additional benefits will only be released where exceptional circumstances apply.

---

#### **4. Regulation 30 – Choice of early payment of pension**

**The Regulations provide:** that if a member leaves a local government employment before he is entitled to the immediate payment of retirement benefits, once he has attained the age of 55 he may choose to receive payment of them immediately. A choice by a member aged less than 60 is ineffective without the consent of his employer or former employer and the employer must pay to the Pension Fund a sum representing the capital cost of releasing those benefits early.

His pension must be reduced by the amounts shown as appropriate in guidance issued by the Government Actuary although the employer may determine on compassionate grounds to waive the actuarial reduction.

In the case of a person who was an active member on 31<sup>st</sup> March 2008, and who makes a request before 31<sup>st</sup> March 2010, substitute the age of 55 above with the age of 50.

#### **Wokingham Borough Council Policy**

Such an election will only be considered where there is sufficient financial or other benefit to the Council. An exception to this is the employee or ex-employee's exceptionally difficult domestic circumstances. Where the regulations provide for actuarial reduction, this will normally be applied except where Members approve on compassionate grounds that there should be no such reduction. Compassionate

grounds will nearly always be those arising from very difficult domestic circumstances.

---

## **PART B – Areas where the employing Authority's decision is required**

### **Formulation of policy in accordance with further discretions under the Local Government Pension Scheme (Administration) Regulations 2007 (as amended)**

Regulations in this part refer to the Local Government Pension Scheme (Administration) Regulations 2007 (as amended)

#### **5. Regulation 16 - Re-employed and re-joining deferred members**

**The Regulations provide:** that where a deferred member becomes an active member again before becoming entitled to the payment of those deferred retirement benefits, he may elect to have his former deferred membership aggregated with his current active membership on or after the date that he again becomes an active member. An election must be made within 12 months from the date that the member re-joins the Local Government Pension Scheme or such longer period as his employer may allow.

It is worth noting that if the member has more than one former period of deferred membership, it is only the most recent deferred membership period that can be aggregated with his current active membership unless earlier periods of deferred membership have already been aggregated with the most recent period of deferred membership.

#### **Wokingham Borough Council Policy**

An election must be made by an active member within 12 months from the date that the member re-joins the Local Government Pension Scheme (or in exceptional circumstances such a longer period at Members' discretion).

---

#### **6. Regulation 22 – Applications to make absence contributions**

**The Regulations provide:** for a scheme member to pay optional contributions, for a period of unpaid absence from work, within 30 days of returning to, or of ceasing, employment. The employer can agree to extend this time limit.

#### **Wokingham Borough Council Policy**

The Council provides for employees to pay contributions for a period of unpaid absence from work, within 1 year of returning to work, or 30 days of ceasing employment.

---

## **7. Regulation 25 – Additional Voluntary Contributions (AVCs) and Shared Cost Additional Voluntary Contributions (SCAVCs)**

**The Regulations provide:** that an active member may elect to pay AVCs into a scheme established under contract between his appropriate administering authority and a body approved for the purposes of the Finance Act 2004.

Under paragraph 3 of this regulation an employer can, at its discretion contribute to the AVC scheme and where they do the AVC scheme is known as a shared cost additional voluntary contributions arrangement and contributions to it as SCAVCs.

### **Wokingham Borough Council Policy**

No SCVAC scheme should be instituted.

---

## **8. Regulation 83 – Inward transfer of pension rights**

**The Regulations provide:** that an active scheme member may elect to transfer into the Local Government Pension Scheme relevant pension rights held elsewhere. The member must request the transfer of such rights in writing within 12 months of becoming a member of the Local Government Pension Scheme or such longer period as the employer may allow.

### **Wokingham Borough Council Policy**

The Council provides that an active scheme member may request to transfer into the Local Government Pension Scheme relevant pension rights held elsewhere. The member must request the transfer rights within 12 months of becoming a member of the Local Government Pension Scheme (or in **exceptional** circumstances such longer period at Members' discretion). It is recognised that all the process should be initiated within 12 months, in some circumstances it may take longer to complete the process.

---

## **9. Regulation 57(5)(c) – Notification of decisions under regulation 58**

**The Regulations require that:** responsibility for the determinations under the first stage of the internal disputes resolution Procedure rests with a "specified person" appointed by the (former) employer of the scheme member.

### **Wokingham Borough Council Policy**

The Specified person for Wokingham Borough Council is:

Name: Susanne Nelson-Wehrmeyer

Job Title: Head of Governance and Democratic Services.

Address: P.O. Box 150, Shute End, Wokingham, Berkshire RG40 1WQ

Tel No: 0118 974 6520

Email: Susanne.nelson-wehrmeyer@wokingham.gov.uk

---

---

**PART C – Formulation of policy with regard to Regulation 5 of the Local Government Pension Scheme Regulations (Benefits, Membership and Contributions) Regulations 2007 (as amended)**

**10. Regulation 5 - Contributions payable by active members**

**The Regulations require that:** An active member shall make contributions to the Scheme at the contribution rate from his pensionable pay in each employment in which he is an active member. The contribution rate to be applied to his pensionable pay in any financial year (starting with 1<sup>st</sup> April 2008) is the rate determined by the employer to represent the assumed pensionable pay for the forthcoming year.

Where there is a material change to a member's pensionable pay in the course of a financial year, the employer may re-determine the contribution rate to be applied in his case.

**Wokingham Borough Council Policy**

The Council provides that (except in exceptional circumstances) employee contributions will be calculated on pensionable pay as at the 1<sup>st</sup> April each year.

---

**PART D – Formulation of policy with regard to Regulation 9 of the Local Government Pension Scheme (Transitional Provisions) Regulations 1997**

**11. Regulation 9 - Women with membership before 6<sup>th</sup> April 1988**

This regulation provides for the employer accepting all married female scheme members have made an election to provide their husbands with a widower's pension for any relevant service (unless the employee states in writing that she does not wish such an election to be provided).

**Wokingham Borough Council Policy**

The Council resolves that it accepts that all married female scheme members have elected that service between 1<sup>st</sup> April 1972 and 5<sup>th</sup> April 1988 counts for widowers' benefit with the proviso that an employee make elect otherwise.

---

It is understood that the above discretions are applicable to all eligible members of the Local Government Pension Scheme. The scheme rules allows for a revised statement to be issued at least one month in advance of the date that the new policy takes effect and the revised statement must be published to all scheme members.

---

**Local Government (Early Termination of employment) (Discretionary Compensation) (England and Wales) Regulations 2006. SI no 2914.**

And

### **The Teachers' Pensions Regulations 1997**

**The Teachers' (Compensation for Redundancy and Premature Retirement) Regulations 1997 and The Teachers' (Compensation for Redundancy and Premature Retirement) (Amendment) Regulations 2006**

**Local Government (Early Termination of employment) (Discretionary Compensation) (England and Wales) Regulations 2006. SI no 2914.**

The Regulations apply in relation to a person -

- (a) whose employment is terminated –
  - (i) by reason of redundancy,
  - (ii) in the interests of the efficient exercise of the Council's functions,
  - (iii) in the case of a joint appointment because the other holder of the appointment has left it<sup>1</sup>
- (b) who, on the termination date, is
  - (i) employed by the Council, and
  - (ii) eligible to be a LGPS member (whether or not he is such a member).
  - (iii) whose termination date is on or after 1<sup>st</sup> October 2006.

### **Regulation 5**

**The Regulation provides:** the Council with the discretionary power to waive the weekly pay ceiling placed on statutory redundancy payments and to calculate, instead, on pay up to the actual week's pay.

#### **Wokingham Borough Council Policy**

That all redundancy payments will be calculated on the basis of actual week's pay.

---

### **Regulation 6**

**The Regulation provides:** 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, in the circumstances described above.

#### **Wokingham Borough Council Policy**

The Council retains its discretion to pay an additional lump sum payment. No discretionary payment will be made to an employee with less than 2 years qualifying service.

In the case of redundancy this would be in addition to, but inclusive of, a redundancy payment. It is Council Policy that no additional lump sum severance pay under

---

<sup>1</sup> This refers to the old practice of jointly appointing two people under a single contract (e.g. a husband and wife team to run a children's home). It does not relate to job shares i.e. where one or more people have separate contracts to share some or all of the duties of the post.

Regulation 6 Discretionary Payments Regulations will be payable where the reason for redundancy is the need to make savings, due to the costs to the revenue account.

Members will need to consider the financial and other reasons for using this discretion and a strong business case must be stated in a report to members. The Personnel Board must approve any recommendation for any additional payment.

Guidance Note: Making discretionary payments increases the costs to the Council. Members will need to consider the financial and other reasons for using this discretion and a strong business case must be stated in a report to members. The Regulations specify that an employing authority must have regard to the extent to which the exercise of their discretionary powers (in accordance with its policy), unless properly limited, could lead to a serious loss of confidence in the public service and can be satisfied that the policy is workable, affordable and reasonable having regard to the foreseeable costs.

### **EMPLOYER DISCRETIONS SCHOOL BASED STAFF**

For support staff the discretions referred to in the earlier part of this policy document apply, but note the detail below regarding deciding and compensating authorities. The information below relates to **teaching staff**.

### **Deciding and Compensating Authorities**

For Local Authority (LA) maintained schools with a delegated budget the governing body is the deciding authority and the LA is the compensating authority. This covers **all** staff in **all** schools with a delegated budget, regardless of the status of the school.

LAs have the power to deduct the costs from the school budget where they have not agreed to the compensation being made

### **Premature Retirement**

Premature retirement is retirement before normal pension age (60 or 65 for those new to teaching after 1<sup>st</sup> January 2007) by reason of redundancy or in the interests of the efficient exercise of the employer's functions. Premature retirement is not permitted before the age of 50 (new teachers and some returning to teaching after 1<sup>st</sup> January 2007 must be 55 before they are eligible and 55 will be the minimum age for all teachers after April 2010).

**Premature retirement is a discretionary matter; it is not an automatic right.**

A teacher **may** be entitled to benefits from two sources as described below.

### **The Teachers' Pensions Regulations 1997**

In this case TPS pay the actuarially reduced benefits based on length of pensionable service and final salary. The employer pays an amount equal to the amount by which the pension is actuarially reduced - mandatory compensation.

### **Wokingham Borough Council policy**

That agreement to provide unreduced pension under these regulations will only be given in the most exceptional circumstances either as a result of very difficult domestic circumstances or where a governing body can demonstrate sound financial reasons for proposing agreement. The Personnel Board must approve any recommendations from the governing body for agreement to pay unreduced pension. Officers will comment on any recommendations in the report from the governing body before it is presented to the Personnel Board.

### **The Teachers' (Compensation for Redundancy and Premature Retirement) Regulations 1997 and The Teachers' (Compensation for Redundancy and Premature Retirement) (Amendment) Regulations 2006**

These regulations enable an award of extra benefits to the retiring teacher. This is to compensate for pension benefits the teacher could otherwise have expected to earn up to normal retirement age, subject to certain limits.

The enhancement by way of added years cannot exceed the shortest of the following:

- Ten years
- The total length of the teacher's existing service
- Such as would bring the teacher's service up to the age of 65, including any periods of compensation which they may have previously been credited
- The difference between the teacher's service and 40 years

Teachers may be credited with additional service provided:

- They are eligible for participation in TPS (though they may be opted in or out)
- They are aged at least 50 but under 65 when employment is terminated
- They have served at least 5 years as a teacher eligible for participation in TPS
- They are in relevant employment

### **Wokingham Borough Council policy**

That no enhancements will be approved under these Regulations except in cases of very difficult domestic circumstances or where a governing body can demonstrate sound financial reasons for proposing agreement. The Personnel Board must approve any recommendations from the governing body for any additional payment. The LA will comment on any recommendations in the report.

### **Redundancy payments**

All teachers who are dismissed by reason of redundancy are entitled to a payment under the Employment Rights Act 1996 providing they have two years continuous service with organisations included in the Redundancy Payments (Continuity of Employment in Local Government) (Modification) Order 1999.

The maximum additional payment in these circumstances is the difference between the redundancy payments to which the teacher is entitled under the 1996 act and the redundancy payments he/she would have received if the upper earnings limit set under the Act had not been applied. This has the effect of calculating a week's pay on actual salary rather than the statutory upper earnings limit.

### **Wokingham Borough Council policy**

That all redundancy payments will be calculated on the basis of actual week's pay.

### **Severance payments**

**The regulations introduce a provision to pay severance payments to teachers who leave service under age 50, or to teachers aged between 50 and 60, as an alternative to premature retirement. These payments are not available to teachers who have reached age 60 (and so are automatically entitled to take their retirement benefits) or to those who have been re-employed after taking premature retirement**

Severance payments can be paid to teachers leaving the service either on the grounds of redundancy or on the grounds of the 'efficient discharge of the employer's functions'. They may be paid in addition to a redundancy payment or they may replace a redundancy payment. However if the employer pays both, the amount of redundancy payment reduces the maximum sum payable as a severance payment.

The award of a severance payment is discretionary and the maximum employers can choose to pay is up to 104 weeks' salary.

### **Wokingham Borough Council policy**

That no severance payments will be approved under these Regulations except in cases of very difficult domestic circumstances or where a governing body can demonstrate sound financial reasons for proposing agreement. The Personnel Board must approve any recommendations from the governing body for any additional payment. The LA will comment on any recommendations in the report.

All the policies made above:

- I. Must have regard to the extent to which the exercise of the discretions could lead to a serious loss of confidence in the public service;
- II. Will not be used for any ulterior motive;
- III. Will be exercised reasonably;
- IV. Will only be used when there is a real and substantial future benefit to the council for incurring extra costs that may arise;
- V. Will duly be recorded when applied.

Signed on behalf of the Employing Authority: \_\_\_\_\_

Name in Block Capitals: Cllr. R Stanton.....

Position: Chairman, Personnel Board

Employing Authority: Wokingham Borough Council