

For: (x) <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%; padding: 2px;">Executive CLMT</td> <td style="width: 20%; padding: 2px; text-align: center;"> <input checked="checked" type="checkbox"/> <input type="checkbox"/> </td> </tr> </table> Meeting Date: 25 March 2013 Report of: Head of Human Resources and Monitoring Officer Report author: Fiona Hutton	Executive CLMT	<input checked="checked" type="checkbox"/> <input type="checkbox"/>	Agenda Item Number: 17
Executive CLMT	<input checked="checked" type="checkbox"/> <input type="checkbox"/>		

Subject: Access to teachers' pension in a redundancy situation (For Executive Only) Lead Executive Member(s): Cllr R Harris Wards Affected: All	Consultations: Councillors <input type="checkbox"/> Scrutiny <input type="checkbox"/> Stakeholders X Others <input type="checkbox"/>	(x) <input type="checkbox"/> <input type="checkbox"/> X <input type="checkbox"/>
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Recommendations
1. Executive is recommended to withdraw the current discretionary entitlement to early release of teachers' pension on redundancy at 55 years of age and over within the Council and maintained schools.
Background
2. There are a number of groups of employees that are members of the teachers' pension scheme. These are: <ul style="list-style-type: none"> All employees on teachers' terms and conditions in schools Youth Workers Adult Education Lecturers All centrally employed teachers including those employed as peripatetic music teachers, in Pupil Referral Units and as Home Tutors Some employees on Soulbury terms and conditions. This is a protected arrangement for those employed before 2004. All recruits since then have access to the Local Government Pension Scheme only.
The current position
3. Currently, should an employee aged between 55 and 60 from any of the above groups be made redundant, either voluntarily or compulsorily, he/she will have access to his/her teacher's pension on an unreduced basis. The Council meets the associated costs from the General Fund, for teachers in all community, foundation and voluntarily aided schools as well as for centrally employed workers.
4. In 2011/12 the cost of the early release of pension for members of the teachers' pension scheme was approximately £177,000 comprising £47,000 for school based teachers and £130,000 for centrally managed workers.
5. Unlike for members of the Local Government Pension scheme, it is not a statutory requirement for employers to give redundant workers who are aged between 55 and 60 access to an unreduced teachers' pension. Unlike the Local Government Pension scheme the Teachers' Pension scheme does allow its members to access their pension at age 55 on an actuarially reduced basis, which can be done without contribution of, or reference to the employer.
6. Section 37 of the Education Act 2002, states, 'costs incurred by the authority in respect of any premature retirement of the staff of a maintained school shall be met from the school's budget

share for one or more financial years except in so far as the authority agree with the governing body in writing (whether before or after the retirement occurs) that they shall not be so met'. In other words the default position is that premature early retirement costs should be charged to a school's delegated budget – for both teachers and support staff on Green Book terms and conditions.

7. Luton is now in a minority of Councils which continue to fund the early retirement costs of Teachers' Pension members in a redundancy situation – anecdotally, the only remaining Council in the Eastern region.
8. The LA has concluded consultation with schools via the School's Forum on a proposal to change the existing practice such that with effect from April 2013 any such costs incurred for early retirement will be charged to the individual school's delegated budget. In making this change, schools will be made aware that there is no statutory requirement for teachers who are made redundant between the ages of 55 and 60 to be given access to their unreduced pension and governing bodies will be given the option to meet the associated costs from their delegated budgets - or not.

Goals and Objectives

9. To reduce the potential cost of post deletions for the Council.

Proposal

10. To withdraw the current discretionary entitlement to early release of teachers' pension on redundancy at 55 years of age and over within the Council and maintained schools.

Key Risks

11. Potential adverse impact on employee relations – possible allegations of unfairness relative to workers in the LGPS

Consultations

12. Trade unions and professional association representatives have now been consulted on the proposal to remove the automatic entitlement to access an unreduced pension for members of the Teachers' Pension scheme who are made redundant at age 55 or over. There were no adverse responses to this proposal.

Appendices attached:

Appendix A - Integrated Impact Assessment – see below

Background Papers:

There are no back ground papers.

IMPLICATIONS

For Executive reports

- grey boxes must be completed
- all statements must be cleared by an appropriate officer

For CLMT Reports

Clearance is not required

		Clearance – agreed by:
Legal	There are no legal implications.	Agreed by Angela Claridge on 12 th March 2013
Finance	The implementation of this proposal will result in a potential saving for the Council which, however, cannot yet be quantified.	Finance and Airport Client Manager on 5 th March 2013

Integrated Impact Assessment (IIA) – Key Points		
Equalities/ Cohesion/Inclusion (Social Justice)	<p>There are 86 LBC employees centrally employed who are members of the teachers' pension scheme. 76 are below the age of 60 (when an unreduced pension can be accessed). Of those 20 are aged between 55 and 60. Any employee within this group would be affected only if the post which s/he holds is made redundant. If this should occur s/he would have the option to access to an actuarially reduced pension.</p> <p>School governing bodies will have the option to meet the costs of an early release of pension should a teacher be made redundant at age 55 to 60, therefore it is not possible to assess the impact on school based employees.</p>	Social Justice Unit on 12 th March 2013
Environment	None	Strategy & Sustainability on 12 th March 2013
Health	None	Public Health on 12 th March 2013
Community Safety		
Staffing		
Other		

FOR EXECUTIVE ONLY - Options:

- i) To withdraw the current discretionary entitlement to early release of teachers' pension on redundancy at 55 years of age and over within the Council and maintained schools.
- ii) Continue with the current arrangement.