

Supplementary Committee Agenda



**Epping Forest
District Council**

Cabinet Monday, 10th July, 2006

Place: Civic Offices, High Street, Epping
Room: Council Chamber
Time: 7.00 pm
Committee Secretary: Gary Woodhall (Research and Democratic Services)
Email: gwoodhall@eppingforestdc.gov.uk Tel:01992 564470

4.b Local Government Pension Scheme (Amendments) Regulations 2006 (Pages 3 - 10)

(Finance, Performance Management and Corporate Support Services Portfolio Holder)
To consider the attached report (C/024/2006-07).

4.c Alternate Weekly Refuse Collections (Pages 11 - 12)

(Customer Services, Media, Communication and ICT Portfolio Holder) To consider the attached report (C/027/2006-07).

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Report to the Cabinet

Report reference: C/024/2006-07.

Date of meeting: 10 July 2006.

Portfolio: Finance, Performance Management and Corporate Support Services.

Subject: Local Government Pension Scheme (Amendment) Regulations 2006.

**Officer contact for further information: Peter Haywood (01992 – 56 4080).
Tony Tidey (01992 – 56 4050).**

Democratic Services Officer: Gary Woodhall (01992 – 56 4470).

Decisions Required:

- (1) That, as set out in the attached appendix, the new Local Government Pension Scheme (Amendment) Regulations 2006, be noted and a further report be submitted when guidance on the new regulations has been issued;**
- (2) That the deletion of regulation 15 from the Local Government Pension Scheme Regulations 1997 ('the Principal Regulations') be noted and that with effect from 6 April 2006 Employers will no longer be able to waive or reduce the contributions of employees who have completed 40 years; and**
- (3) That the option to exercise the discretion available under the regulations whereby partially waived superannuation contributions (i.e. at 6% rather than 3%) are sought retrospectively for all reckonable service prior to 6 April 2006 be decided by the Cabinet.**

Background:

1. The Local Government Pension Scheme has been subject to review over the last year, and this has resulted in a number of changes, or proposed changes, to the scheme. Although the full scope of the changes is not yet clear and it is understood that the Secretary of State, following consultation, will be publishing these shortly, some amendments to the scheme have been put in place.
2. The Local Government Pension Scheme (Amendment) Regulations 2006 contain those changes some of which take effect from the 6 April 2006. A summary of the amendment regulations is set out in appendix 1. Many of these changes are employee related and do not impact on the Council or the Council needs to take time to reflect on their consequences. However an important change has been implemented, with effect from 6 April 2006, which introduces a Council discretion requiring a Member decision. This change concerns the position of staff with over 40 years membership of the Scheme whilst employed in local government.

Regulation 8:

3. Regulation 8 of The Local Government Pension Scheme (Amendment) Regulations 2006 deletes regulation 15 from "the Principal Regulations". In accordance with this regulation Employers will, as from 6 April 2006, no longer be able to waive or reduce the contributions of employees who have completed 40 years membership of the Scheme whilst employed in local government. Thus, as from 6 April 2006, the contributions of any employee whose contributions have been waived or reduced will need to be increased back to the normal employee contribution rate. This is to tie in with the fact that employees will now be able to count more than 40 years

membership (regulation 35) which was previously restricted between the ages of 58 and 60.

4. In 1998 the Council had exercised its discretion under the previous regulation and reduced contribution rates from 6% to 3% for such employees but only for the period of time when the employee had been a member for at least 40 years and was aged between 58 and 60. The argument for reducing the contribution rate for those employees who fulfilled those conditions was that under the regulations they accrued no additional benefits for this service period.
5. Furthermore, under the amended regulations Employers may, if they wish, recover from the employee the contributions that would otherwise have been paid by the employee if the contributions had not been reduced or waived (bearing in mind that the employer may, by virtue of regulation 80(4)(a) of "the Principal Regulations", already have had to meet any extra charge resulting from their decision to waive or reduce the employee's contributions under regulation 15 of "the Principal Regulations"). The membership for the period during which contributions were waived or reduced will count regardless of whether or not the employing authority recovers contributions from the employee.
6. As this is a discretionary provision the purpose of this report is to seek Cabinet's decision on whether these retrospective deductions should be sought from affected employees. The Council's decision in 1998 was based on reducing an employee's contributions for the duration of the period during which the employee accrues no further pensionable service. Therefore for those employees who are or who have been employed by the Council since 6 April 2006 for whom this regulation applies retrospective contributions should be sought.
7. In this authority, there are relatively few staff who are in the position of attaining 40 years superannuable service prior to the age of 60 (currently two staff).
8. The Deputy Leader of the Council has determined in accordance with Section 100B(4)(b) of the Local Government Act 1972, together with paragraphs (6) and (24) of the Council's Procedure Rules, that this report be submitted to this meeting as one of the affected members of staff is due to retire from the Council in July 2006, and therefore a swift decision is required.

Statement in support of recommended action

9. Prior to 6 April 2006 such staff were unable to count, towards their pension entitlement, service in excess of 40 years, which would have been accrued between the ages of 58 and 60. The Council's policy and practice was that instead of requiring a contribution of 6%, this was reduced to 3% in recognition of the fact that staff in this position would receive no benefit for this service period.
10. The change to the regulations that requires Councils to charge employees the full 6% superannuation contributions for any superannuable service over 40 years from 6 April 2006, would seem to be equitable in that the employee will now directly benefit from a higher final pension and lump sum based on all years of pensionable service. The Council must decide whether contributions should be matched with benefits entirely and that all eligible contributions prior to 6 April 2006 should be charged retrospectively, given that the increased benefits will apply prior to this date in any event.

Other options for action:

11. The Council may not continue to charge employees at 3% for superannuation contributions over 40 years from 6 April 2006 but could decide not to seek

retrospective contributions.

Consultation undertaken:

12. Essex County Council as the administering body.

Resource implications:

Budget provision: No additional budget provision is required as the rate of contribution being considered is that of the individual not the Council.

Personnel: As set out in the report.

Land: N/A.

Community Plan/BVPP reference: None.

Relevant statutory powers: Local Government Pension Scheme (Amendment) Regulations 2006.

Background papers: Former Office of the Deputy Prime Minister correspondence available from the Head of Finance.

Environmental/Human Rights Act/Crime and Disorder Act Implications: None.

Key Decision reference: (if required) Not applicable.

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1. In summary, the Amendment Regulations provide that:

- the so-called '85 year rule' will be removed from the Scheme in respect of benefits accruing after 30 September 2006 (or, by virtue of Transitional Protection, after 31 March 2013 for those members who would be aged 60 or over and satisfy the 85 year rule by that date) but benefits banked up to 30 September 2006 (or up to 31 March 2013 for those covered by the Transitional Protection) will not be affected by the change;
- further consideration may still be given to additional Transitional Protection arrangements for existing scheme members, where these are affordable and can be legally provided, in the context of a new-look Scheme for 2008;
- a new facility for Scheme members to pay extra contributions in order to be able to draw an unreduced pension on voluntary retirement before age 65 has not (yet) been introduced into the Scheme; and
- the earliest age that benefits may be paid on the grounds of redundancy or efficiency, or at which an employer can agree to the early release of pension benefits, remains as age 50 (but will have to increase to 55 by 2010)

2. The Amendment Regulations also provide that, as from 6 April 2006:

- the normal retirement age for councillor members is reduced from age 70 to age 65 so that all contributors to the Scheme now have a common normal retirement age of 65;
- employees (other than Coroners) and eligible councillors will be able to join and remain in the Scheme until the day before their 75th birthday (although there is an inconsistency in the regulations – see comments under regulation 5 in the technical guidance at Annex 4). It would appear that all employees (other than casual employees, coroners and eligible councillors) who are aged 65 or over but under age 75 and who are not presently contributing to the Scheme will have to automatically be brought into the Scheme from 6 April 2006 (unless they opt not to be a member before then). Casual employees and eligible councillors have the right to opt in. The upper age limit for Coroners to join / remain in the Scheme has remained unaltered at age 70;
- the current 15% contribution limit on employees' and councillors' contributions is removed and thus up to 100% of taxable pay can be paid into the Scheme with full tax relief. The change also has an impact on some employees who are purchasing part time service under the "Preston" buy-back terms. Where the amount of contributions required

to buy-back the service exceeded 15% the employer had, prior to 6 April 2006, to net down the contributions above 15% because the employee was not entitled to tax relief on contributions above 15%. Now that the 15% contribution limit has gone and the employee will receive tax relief via the payroll on those contributions, the amount payable by the employee should, as from 6 April 2006, be grossed back up to the full amount due;

- benefits will have to be paid before a Scheme member's 75th birthday (although there is an inconsistency in the regulations – see comments under regulation 5 in the technical guidance at Annex 4). Where a Scheme member defers drawing benefits beyond age 65 their benefits will be actuarially increased i.e. just as benefits drawn before age 65 may be subject to an actuarial reduction to reflect the fact that they will be paid for longer, benefits drawn after age 65 will be actuarially increased to reflect the fact that they will be paid for a lesser period of time;
- flexible retirement is to be permitted at or after age 50, linked to a reduction in hours or grade agreed by the employer, and the employer will (at their cost) be able to waive, in whole or in part, any actuarial reduction that would have been applied to the early payment of those benefits;
- members drawing benefits on or after 6 April 2006 will be able to commute some of their pension to receive a bigger lump sum. For each £1 of annual pension surrendered, the member will receive a lump sum of £12. Up to 25% of the capital value of the member's pension benefits can be taken in the form of a lump sum;
- the ability for retirees to convert some or all of their scheme lump sum into additional pension has been removed;
- the facility for employers to be able to reduce or waive the contributions of employees who have been in pensionable local government employment for at least 40 years is removed and so, as from 6 April 2006, any member who has had their contributions reduced or waived will have to start paying full contributions again. The employer can, at their discretion, recoup the contributions that would otherwise have been paid by the member had their contributions not been reduced or waived. Whether or not the employer seeks to recoup the relevant contributions, the period will count. The maximum service limit of 40 years (or, for those who joined the Scheme before 1 June 1989, the maximum of 40 years at age 60 and 45 years at age 65) has been removed;
- the ability for a member to provide a survivor benefit over and above the standard spouse's, civil partner's or children's pensions by surrendering a part of his / her pension in favour of spouse, civil partner or dependant (payable should they survive the member) has been removed;

- children's pensions coming into payment after 5 April 2006 will, for those who carry on in full time education or training for a trade, profession or calling beyond age 17, have to cease by age 23 (even if they carry on in full time education, etc beyond that age);
- the amount of augmented membership that an employer may, in future, grant to a scheme member is subject to a limit of 6 2/3rd years (subject to this not exceeding the shortfall in membership to age 65). Employing authorities who make use of the augmentation provision may wish to remove any reference to a 40 year limit from their discretionary augmentation policy. If an employing authority amends its policy it must send a copy of the amended policy to the administering authority within one month of the date of the decision to amend the policy;
- the maximum number of added years that a scheme member can, in the future, elect to purchase is limited to 6 2/3rd years;
- the Earnings Cap of £105,600 for those members who joined the LGPS on or after 1 June 1989 is removed. From 6 April 2006 such members will have to start paying pension contributions on their uncapped pensionable pay. A service adjustment is to be performed in respect of their local government membership between 1 June 1989 and 5 April 2006.

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Report to the Cabinet

Report reference: C/027/2006-07.

Date of meeting: 10 July 2006.

Portfolio: Customer Services, Media, Communication and ICT.

Subject: Alternate Weekly Refuse Collections.

Officer contact for further information: John Gilbert (01992 – 564062).

Democratic Services Officer: Gary Woodhall (01992 – 56 4470).

Recommendations/Decisions Required:

To submit a detailed report to Council on 25 July 2006 in respect of the alternate weekly collection of residual waste.

Report:

1. Wheeled bins were introduced into the district in October 2005, forming part of the Council's waste management and recycling strategy which also included alternate weekly collections of residual waste and recyclables. The system has been implemented on a collection day basis with all collections on Mondays, Tuesdays and Wednesdays now using the wheeled bin. It is intended to complete the implementation across the district by the end of the calendar year.
2. In introducing the system, it was clear that there would be issues raised by the district's residents about:
 - (a) capacity for residual waste provided by the standard 180 litre bin; and
 - (b) possible problems resulting from the alternate weekly collection of residual waste such as smell, flies and maggots etc during the hotter summer months.
3. With regard to point (b) above, over recent weeks, due to the summer weather and temperatures, we have received complaints regarding smells, flies and maggots in the residual bin. Unfortunately, calls in respect of smells and maggots are not individually collected. However, on an anecdotal basis, the officers taking calls are of the view that in the order of 40% to 50% of all wheeled bin related calls have been in respect of this issue over the past 4 weeks.
4. Given this relatively high level of concern, confirmed by the calls received on the Portfolio Holders 'Waste Hot Line' it is considered appropriate to review whether any action is required. There are a number of possible options, but each has policy and budget implications that would require a referral to Council. It is therefore recommended that a detailed report be submitted to Council for its meeting on the 25th of July 2006.

Statement in support of recommended action:

5. If a review is considered appropriate, It is not reasonable to submit such a detailed report to Cabinet at very short notice. In any event, a decision to change the present arrangements would constitute a change of policy and would have significant budgetary implications thereby requiring a referral to Council. If it is decided that any changes are to be put into place to for the remaining summer period the referral must be made to the 25th of July meeting.

Other options for action:

6. The alternative options are:

- (i) take no action and review at a later date; or
- (ii) deal with at Cabinet at this meeting and then refer as appropriate to Council at the next or a subsequent meeting

Consultation undertaken:

7. Cory Environmental

Resource implications:

Budget provision: Supplementary estimate required dependant upon decision made.

Personnel: Nil.

Land: Nil.

Community Plan/BVPP reference: N/A.

Relevant statutory powers: Environmental Protection Act 1990.

Background papers: Previous reports to cabinet and Scrutiny on the waste management arrangements.

Environmental/Human Rights Act/Crime and Disorder Act Implications: None.

Key Decision reference (if required): N/A.