

Leicester  
City Council

WARDS AFFECTED: ALL

**DECISION TIMETABLE:**

**Date of Meeting**

Resources & Corporate Scrutiny Committee  
Cabinet

15<sup>th</sup> March 2007  
2<sup>nd</sup> April 2007

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**Application of Discretion under the Teachers Pensions Scheme**

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**Report of the Corporate Director of Resources**

**1. Purpose of Report**

To seek a decision on the continued provision of added years for teachers following the consultation process on this aspect of the early retirement policy for teachers.

**2. Summary**

The report identifies the latest information on the consultation with Teacher Unions regarding the withdrawal of added years.

**3. Recommendations (or OPTIONS)**

**3.1 Cabinet to agree:**

To note the outcome of the consultation process and in the light of the response from the TCC, confirm whether the provision of added years should be withdrawn for Teachers.

**4. Headline Financial and legal Implications**

**4.1 Financial**

The financial implications of this report are that savings can be made in the actuarial costs of early release of pension to redundant employees who have access to the Teachers Pension Scheme.

**Legal**

Legal Services are being consulted on this report.

**5. Consultation**

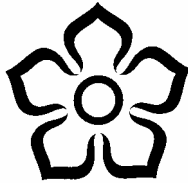
Cabinet should note that a formal response has been received from the Teacher's Union representative and is attached at Appendix A. The Resources Scrutiny Committee considered this response and the minute of their meeting should be available to Cabinet in time for their meeting.

**6. Report Author/Officer to contact:**

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**DECISION STATUS**

<b>Key Decision</b>	No
<b>Reason</b>	N/A
<b>Appeared in Forward Plan</b>	N/A
<b>Executive or Council Decision</b>	Executive (Cabinet)



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**WARDS AFFECTED: ALL**

**DECISION TIMETABLE:**

**Resources & Corporate Scrutiny Committee  
Cabinet**

**15<sup>th</sup> March 2007  
2<sup>nd</sup> April 2007**

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**Discretion for Added Years for Early Severance Under the Teachers Pensions Scheme**

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## **SUPPORTING INFORMATION**

### **1. Report**

The term added years refers to the facility, contained within the Local Government and Teachers Pension Schemes, by which councils could add up to 10 years assumed service to enhance the pension of a redundant employee. The Council's policy provided for up to five added years for teachers and five years for non-teaching staff.

The purpose of the added years facility was to recognise the service of the employee and also to act as an incentive for volunteers to come forward where there was a surplus of employees in a group following a budget cut or organisational review.

The pension regulations with regard to local government employees changed with effect from 1st October, 2006, and removed the facility for councils to grant added years. There was also a requirement to review the position under the Teacher's Pension Scheme from that date. At the same time, concerns had been expressed by the Employees Retirement Committee at the significant cost to the Council of added years which partially negated the savings accruing from the reduction in service/staffing.

The District Auditor also had commented on the tendency within the Council to move to the permitted local maximum of five added years which was regarded as both unnecessary and expensive in many cases.

This culminated in a report to Cabinet on 4th September, 2006 where a decision was made not to replace the added years facility with alternative provisions created under the pension scheme which provided for a one off payment, to be merged with any

redundancy payment, or an enhancement to the employees' pension fund, known as augmentation.

Because of the limited period between the passing of the new regulations, in a period of considerable uncertainty and national trades union litigation, there was not a great deal of time to consult trades unions on the changes, particularly so as the summer months preceded the change on 1st October, which required a report to Cabinet on 4th September, when the teachers' representatives were not available, in line with their terms and conditions of service. As it was, all trades union representatives made themselves available where they could, but the technical consultation requirements of the Teachers' Pension Scheme were not satisfied and consultation with teachers' representatives had to be restarted.

The reaction of the trades union representatives generally was to be anticipated: one of disappointment and opposition, as the added years facility made the operation of budget cuts and the securing of volunteers more palatable to their membership.

At a recent meeting of the Retirements Committee, however, some cases of retirement amongst teachers were received where, although as present there is a continued existence of the added years facility, the individual employees were not offered the opportunity of added years. However it was raised with the Retirements Committee that, as the consultation period had not been completed, the support of Committee was sought pending a challenge being received before a revised scheme is agreed.

The state of play with the teachers' representatives is as follows:

The teacher unions have been given a 30 day period of consultation until 12<sup>th</sup> March 2007 to respond to the proposed changes.

The teacher unions whilst recognising the consultation period are also stating their intention to request an urgent meeting with Cabinet representatives.

Cabinet should note that the response to the consultation process is appended to this report and the minute from the RCI Scrutiny Committee held on the 15<sup>th</sup> March should be available in time for the Cabinet meeting.

### **Response to the TNC Comments**

The decision by Cabinet to end the provision of added years for Council employees was taken on the grounds of cost savings and consistency of application between all Council employees. The response by the TNC (Appendix A), would, if implemented, result in continued inconsistency between Teachers and other Council employees and will also result in additional costs compared with the preferred policy of no added years.

ASCL; ATL; NAHT; NASUWT; NUT; PAT.

## **Teachers Negotiating Committee**

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### **Response to the Consultation on the withdrawal of the discretionary power to grant Added Years to teachers.**

Teachers' Negotiating Committee Teachers' Panel notes with pronounced regret the proposal by the Local Authority to withdraw the facility for teachers to be granted added years as part of their Premature Retirement Compensation package. The use of PRC with added years has served the authority and its schools well over the years, enabling changes in the number of teachers employed to be managed in a humane way and helping to avoid compulsory redundancies. This was particularly the case during the Secondary Review.

TNCTP recognises the pressures that the LA faces in terms of the financial burden that arises from PRC. TNCTP also recognises the desire of the authority to be seen to treat all of its employees equally. However, it is our view that treating all employees equally badly is a poor advertisement for the city. Furthermore, in reality employees cannot simply be seen as a totality. They have different pay and conditions arrangements which necessarily involve a range of differing entitlements. They also face differing demands in the workplace. Teaching is recognised as one of the most stressful occupations in the UK. Given this, we are disappointed that the council has so far declined to acknowledge that it is in its own interests to retain flexibility when dealing with reductions in the school workforce.

We regard having a range of options that can be deployed in the management of workforce contraction as a virtue. Having flexible arrangements enables the LA to respond to problems that arise on a case by case basis rather than on a bureaucratic, 'one size fits all' basis. It is the retention of some of that flexibility that we are seeking, whilst recognising that the current arrangements may no longer be fit for purpose and have had the effect of making what should be a discretion to offer added years into a

universal entitlement. Our proposals, detailed below, will, we believe, allow the authority to continue to manage workforce contraction sensitively, to recognise loyal service to the city while at the same time not jeopardising financial stability.

One of the standard means of managing job loss is through redeployment. The Local Authority has a redeployment agreement for teachers which has been in place for many years. However, in practice this agreement is moribund. The employment of teachers in schools is determined by school governing bodies, not by the Local Authority. As a result there is no realistic prospect of redeployment for teachers. Redeployment of teachers became increasingly difficult following the introduction of Local Management of Schools. This removed the right of a council to determine at which school a teacher was employed. Thus, during the secondary review, while schools did indeed co-operate magnificently by giving prior consideration to staff displaced by the closure of six schools, they were under no obligation to take those teachers. Since then, the situation has become more rigid, so that in practice there is no longer a redeployment scheme for teachers. Whilst the Council has indicated that it will look to redeploy teachers to other posts within the local authority, there are a number of problems with this as an option.

1. There has been very little success with redeployment from a teaching post to another type of post within the council in the past. We have specifically sought such a redeployment in collaboration with Human Resources on several occasions and been unable to find suitable alternative employment.
2. Other types of posts within the council are, by definition, not teaching posts and are therefore neither similar nor comparable to a teaching post. One of the expectations of any redeployment scheme is that staff will be offered a reasonable alternative post that is broadly comparable to the previous post held.
3. The pay and conditions arrangements for other council posts are radically different from those that pertain for teaching posts. A qualified teacher with 10 years experience can expect to be earning £34k even without any management responsibilities in the school. Thus, a teacher in his/her fifties who holds a post of responsibility in a school is likely to be earning up to £40k. The number of posts in this salary bracket that might be available in order to prevent a compulsory redundancy are few and far between.

It is our view, therefore, that teachers employed by Leicester City Council will not be subject to equal treatment by the authority under the proposed new arrangements since they will not have access to the same redeployment opportunities as most other employees. In the absence of an effective redeployment regime, all teachers will have on offer is the choice between voluntary or compulsory redundancy. We do not regard this as an acceptable state of affairs.

We believe that, over time, the absence of incentives to remain working in the city will affect the recruitment and retention of teachers to city schools which, as is well known, in many cases face challenges far greater than those in most other schools, in the county for example. If experienced teachers seek to move to an easier working environment in the knowledge that they will lose nothing by doing so then that can only exacerbate the difficulties of those schools facing the greatest challenges.

An important driver in the LA's desire to end the use of added years has been the recurring calls on the PRC budget by New College. This has been raised with us on a number of occasions by councillors. We recognise the legitimate concerns that the authority has about staff who have worked only briefly for the city benefiting from the added years arrangements. However, we do not regard the total removal of the option to grant added years as an appropriate response. This effectively penalises teachers who have given long service to this city for a situation that is not of their making.

It is worth reflecting on the continued shrinking of New College that has taken place since 1999. Beginning as a projected school of 2,300 (including the sixth form) the school has radically shrunk to the point where it now serves a little over 900 pupils. Indeed the proposed new PAL for the school is 180 giving a maximum main school of 900. If the projected size of year 7 for 2007 is anything to go by, then an intake of 120 for the next few years would be optimistic. This would imply a school of around 600 pupils. Such a dramatic reduction in rolls has inevitably led to redundancies and is likely to continue to do so.

The six teacher associations warned the Leicester City Council that the creation of New College was not only ill-advised but likely to prove a disaster. We warned of the likely consequences in terms of poor behaviour, poor results and a drift of pupils to the county from the Western Park area. We also warned that an extremely large school was unsuitable for the needs of pupils in the New Parks and Braunstone areas. It was the councillors and the LEA officers who chose to ignore our concerns – and those of parents – and proceed with New College. It is deeply regrettable that every single teacher in the city is now being penalised by the same council for one of the consequences of that mistaken and foolhardy decision.

### **TNC Proposal for Future Management of Early Retirement of Teaching Staff.**

In Paragraph 2.2 of the current agreement 'Early Retirement for Teaching Staff'. Delete second sentence and insert.

"This will include an examination of the possibility for a teacher to be redeployed to another post within Leicester City Council.

Voluntary early retirement for reasons of redundancy will not normally attract added years. However, where a school governing body deems that a teacher who has volunteered for early retirement has made a continuing contribution to education in the city through extended loyal service they may nominate that teacher to be considered by Schools Forum for voluntary early retirement with added years.

Voluntary Early Retirement of such a teacher may attract added years on the following scale related to length of service within schools in the city:

<b>Reckonable Service:</b>	<b>Added years.</b>
5-8 years	1
8 years – under 11 years	2
11 years – under 14 years	3
14 years – under 17 years	4
17 years – and over	5

(\* This is the current scale but applied only to service in city schools).

Where Schools Forum approves a proposal for an individual teacher to receive PRC with added years this remains at the discretion of Leicester City Council and can only be approved where it is manageable within the PRC budget delegated to Schools Forum or will result in other savings that are reasonably similar to the costs of the added years.”

**This paper is submitted by the Teachers’ side of Teachers’ Negotiating Committee. It has been developed and agreed by the association secretaries of ASCL, ATL, NASUWT, NUT and PAT who are all signatories to this document.**

**Geoff Butler – ASCL.**

**John Bellamy – ATL.**

**John Mark – NASUWT.**

**Jane Rolfe – NUT.**

**Geraldine Everett – PAT.**

**It has also been approved by TCC and is signed on behalf of TCC.**

**Peter Flack – Secretary TCC Teachers’ Panel.**

**March 9<sup>th</sup> 2007.**