

Leicester
City Council

CABINET REPORT

14TH NOVEMBER 2005

LONG SERVICE AWARDS / RETIREMENT GIFTS

Report of the Town Clerk

1. Purpose of the Report

1.1 To recommend the implementation of a new scheme to reward long serving employees in place of the Council's current retirement awards scheme. This is in response to the Leader's announcement at the previous Cabinet that a report would be received by the Cabinet at its next meeting which would deal with rewards for long serving employees. He noted that the new policy would reward employees as they reached 25 and 35 years service, as well as provide a token gift when they retire. He looked forward to approving proposals at the next meeting.

2. Summary

2.1 The report proposes that the Council's current policy, of recognising employees for their long-term commitment to the authority by presenting an award on retirement, be replaced by a scheme that will entitle employees to receive long service awards throughout their employment.

2.2 The new policy will incur estimated annual costs of up to £50,000, compared with current costs of about £20,000 p.a. In addition there will be a one off implementation cost of up to £300,000 to deal with the initial pool of employees who will be eligible.

3. Recommendations

3.1 It is recommended that:

- a) the Council's current policy, of recognising employees for their long-term commitment to the authority by presenting an award on retirement, be replaced by a scheme that will entitle employees to receive long service awards throughout their employment.
- b) A gift to the value of £100 be awarded on retirement for all employees achieving 20 years service or more.

- c) Protection arrangements for current employees be in place for 5 years, therefore any employees within 5 years of retirement at the date the new scheme is implemented will receive protection as necessary.
- d) The new scheme be implemented on the 1st December 2005.

3.2 An additional recommendation that:

- e) The Authority should adopt the one-off compensatory arrangements (for implementation only) for staff with 34 years service as developed within the Housing Department.

4. Headline Financial and legal Implications

Legal Implications:

Any agreements made at Cabinet with regards to Long Service Awards must be incorporated into the local Terms and Conditions of Service.

Peter Nicholls, Service Director, Legal Services. Extension 6302.

Financial implications:

The cost of the proposed scheme to reward long serving employees, replacing the existing retirements award scheme, is estimated at £293,900 one-off implementation costs together with annual running costs of approximately £50,000.

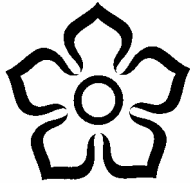
Steve Charlesworth, Head of Strategy & Development. Extension 7495.

5. Report Author/Officer to contact:

Victoria Bayston, HR/Business Support Officer, extension 7125.

DECISION STATUS

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



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SUPPORTING INFORMATION

1. REPORT

- 1.1 LCC currently operates a system whereby employees with long service receive an award on retirement after 20, 25, 30 or 35 years service of £221, £292, £383 or £447 respectively. The proposed system will entitle employees to receive long service awards, throughout their employment, at 25 years and 35 years service of £250 and £400 respectively, with the addition of a small gift (up to the value of £100) on retirement.
- 1.2 The £100 retirement gift was discussed it was considered that it was necessary to have a token gift on retirement for those long serving employees. It is anticipated that gifts will be given to prevent the award from being subject to tax.
- 1.3 Implementing a new scheme, which rewards employees as they reach certain milestones in their service, will initially have a "Big Bang" effect and immediate costs will be significant (as mentioned earlier). It was considered that all employees should receive any backdated entitlements as soon as possible and that the implementation costs not be spread out over the next few years. Spreading cost would also add confusion to the necessary protection arrangements that would need to be put in place.
- 1.4 It was considered that the implementation date of the 1st December 2005. This would mean that all employees who have achieved at least 25 years service with Leicester City Council on this date would be entitled to receive an award.
- 1.5 It was considered that protection arrangements should be in place for 5 years, therefore employees who are within 5 years of retirement as at 1st December 2005 would be entitled to protection as necessary. It was also considered that these employees should continue to accrue length of service until retirement. This may result in employees triggering an entitlement to the higher award. If this is the case then protection arrangements for these individuals will not apply, as they will be receiving a more favourable sum under the new scheme.

1.6 In addition to the system of reward, provisions are being made using the new Personnel/Payroll system “Resource Link” to advise managers of five-year milestones attained by their staff so that they can be acknowledged spontaneously.

2. FINANCIAL, LEGAL AND OTHER IMPLICATIONS

Financial Implications

2.1 It is anticipated that the initial cost of implementing the new scheme will be significant as all staff who have achieved 25 years service or more on the date of implementation will be awarded a gift of either £250 (for those employees with 25 – 34 years service with the authority) or £400 plus £250 (for those employees with 35 years service or more). Employees who have completed 34 years service on implementation will be given two options to avoid the tax implications of receiving two gifts within a 10 year period. The choices will be to either accept a sum of £500 on implementation with no further award being received on completion of 35 years service **OR** receive no award on implementation but both the 25 year award and the 35 year award on completion of 35 years service. Furthermore, all employees retiring with more than 20 years service will also receive a retirement gift up to the value of £100.

2.2 This gives an approximate figure of £300,000 as a one off initial cost to the authority, which will be split between each of the departments – See table below. Please note Housing have already implemented the scheme therefore will not incur additional costs.

	Department					
	E&LL	R&C	HSG	RAD	Chief Execs	SC&H
Cost	£174,300	£64,650	£0	£22,400	£1,400	£31,150

2.3 Additional costs will also be incurred as employees close to retirement age will have some expectation of receiving a particular award, therefore extra costs will be seen in terms of protection arrangements.

2.4 Future annual costs have been estimated to be up to £50,000 as compared with the cost of £20,000 for the existing scheme.

2.5 The information on which these figures are based is taken from payroll records and includes all staff currently employed by Leicester City Council. These records were also used to estimate future trends in retirement.

Legal Implications

Outcomes and agreements made at Cabinet with regards to Long Service Awards must be incorporated into the local Terms and Conditions of Service.

3. OTHER IMPLICATIONS

OTHER IMPLICATIONS	YES/NO	Paragraph Within Supporting information	References
Equal Opportunities	No		
Policy	No		
Sustainable and Environmental	No		
Crime and Disorder	No		
Human Rights Act	No		
Elderly/People on Low Income	No		

4. BACKGROUND PAPERS

- 4.1 Local Conditions of Service (to be found on the LCC intranet)
- 4.2 Report to SRG, dated 26th April 2005.
- 4.3 Report to HRS, dated 16th August 2005.
- 4.4 Report to SRG, dated 30th August 2005

5. CONSULTATIONS

- 5.1 The Human Resources Strategy Group has been consulted and supports the proposals detailed in this report.
- 5.2 The Strategic Resources Group has been consulted and supports the proposals detailed in this report.
- 5.3 The Trade Unions have been consulted and no concerns have been raised with regards to the implementation of the proposed scheme.

6. REPORT AUTHOR

Victoria Bayston, HR/Business Support Officer, extension 7125.