

Runnymede Borough Council
CORPORATE MANAGEMENT COMMITTEE

Thursday, 8 January 2004, at 7.00 p.m.

(Please note earlier start time)

in the Council Chamber
at the Civic Offices, Addlestone



Members of the Committee

Councillors R.K. Habgood (Chairman), N. Thewlis (Vice-Chairman), J.R. Furey, P.A. Greenwood, C.J. Norman, Mrs. E.E. Price, Ms. C.M. Simmons, P.B. Tuley, P.J. Waddell and G.B. Woodger

and all other Members for information

A G E N D A

Notes:

- i) Any report on the Agenda involving confidential information (as defined by section 100A(3) of the Local Government Act 1972) must be discussed in private. Any report involving exempt information (as defined by section 100I of the Local Government Act 1972), whether it appears in Part 1 or Part 2 below, may be discussed in private but only if the Committee so resolves.
- ii) The relevant 'background papers' are listed after each report in Part 1. Enquiries about any of the Agenda reports and background papers should be directed in the first instance to **Mr. G. Marson, Administration and Leisure Department, Committee Section, Civic Offices, Station Road, Addlestone (Tel. Direct Line: 01932 425625). (Email: gary.marson@runnymede.gov.uk).**
- iii) Agendas and Minutes are available on a subscription basis. For details, please ring Mr. B.A. Fleckney on 01932 425620.
- iv) In the unlikely event of an alarm sounding, members of the public should leave the building immediately, either using the staircase leading from the public gallery or following other instructions as appropriate.

LIST OF MATTERS FOR CONSIDERATION

PART I

Matters in respect of which reports have been made available for public inspection

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PART II

Matters involving Exempt or Confidential Information in respect of which reports have not been made available for public inspection.

- a) Exempt Information
(No reports to be considered under this heading)
- b) Confidential Information
(No reports to be considered under this heading)

1. NOTIFICATION OF CHANGES TO COMMITTEE MEMBERSHIP

2. MINUTES

To confirm and sign as a correct record the Minutes of the meeting of the Committee held on 4 December 2003, attached at Appendix 'A'.

3. APOLOGIES FOR ABSENCE

4. DECLARATIONS OF INTEREST

If Members have an interest in an item please record the interest on the form circulated with this Agenda and hand it to the Legal Representative or Committee Administrator at the start of the meeting. A supply of the form will also be available from the Committee Administrator at meetings.

Members who have previously declared interests which are recorded in the Minutes to be considered at this meeting need not repeat the declaration when attending the meeting. Members need take no further action unless the item in which they have an interest becomes the subject of debate, in which event the Member must leave the room if the interest is personal and prejudicial.

5. EXTERNAL FUND MANAGERS – PERFORMANCE REVIEW (DF)

(Ref: Minutes of Corporate Management Committee, July 2003, page 246, para 159)

1. Purpose of Report

1.1 **The purpose of this report is to give the background to presentations from the Council's two external fund managers.**

2. Background Information

2.1 Each fund manager is required to explain their performance and future strategy before this Committee at least twice a year. This has been arranged for this meeting and will give Members the opportunity to question both the fund managers directly.

2.2 The Council appointed two external fund managers following the meeting of the Contracts Sub-Committee on 8 February 1999:

- INVESCO Asset Management Limited; and
- INVESTEC Guinness Flight Investment Management Limited

2.3 Each fund manager was allocated £10m to manage on 1 April 1999. INVESCO was a new appointment. INVESTEC had been fund managers for the Council since 1994.

2.4 Interest earnings had traditionally been allowed to accumulate in the funds under external management. This was to allow the fund managers to tailor investments to market conditions rather than repayment requirements. However, in 2002/03 there was a requirement for cash of £1.5m from each Fund to be transferred. This was primarily to meet the cash needed to pay for the lump sum contribution of £5.7m to the Pension Fund. The amount under external management was £21.6m at 1 April 2003.

2.5 The table below summarises the movement in both Cash Management Funds since the start of the year up to 30 September 2003 (the latest full valuation available).

Valuation of External Cash Funds			
Date of Valuation	Investec £000	Invesco £000	Total £000
31 March 2003	10,865	10,775	21,640
30 June 2003	10,981	10,886	21,867
30 Sept 2003	10,990	10,949	21,939

2.6 The external investment funds are managed under parameters approved by the Council. The fund managers provide quarterly statements that show investment activity and performance for the three month period and give a commentary on the reasons for their investment decisions and a forecast of future activity. Copies of the Managers' quarterly statements are placed in the Members Room. Members may also request a copy direct from the Director of Finance if so required.

3. Fund Manager Performance

3.1 Members will recall that at the last presentation made to the Corporate Management Committee in July, both fund managers were forecasting further reductions in interest rates. As a result, their strategy was to maintain a significant gilt holding. Quite simply, this strategy has been proved wrong.

3.2 Developments in the market since July, including the 0.25% rise in Base Rate in November, have been contrary to both managers' forecasts. Both fund managers subsequently wrote to the Director of Finance with a warning that their performance in the current financial year will not achieve the Council's benchmark. This was reported to the Committee at its last meeting (on 4 December 2003).

3.3 Officers met both fund managers later in December 2003 to discuss performance and prospects in detail. The managers will be able to give the latest position on the performance of the funds to this meeting.

3.4 A report on treasury management strategy for 2004/05 will be prepared for the February meeting of the Committee. The report will use the information gathered at the Officers' meeting with fund managers and at this meeting to consider what corrective action, if any, it is appropriate to take.

4. Timetable for Presentations

4.1 The suggested timetable is that each fund manager is allotted a 30 minute period to make their presentation and answer questions. The fund managers have been asked to keep their presentations to about 15 minutes to allow time for questions to be asked. The Committee may, of course, extend the times allowed as is felt appropriate.

4.2 Investec will make their presentation first at around 7.00 p.m. (after the normal opening formalities of the meeting have been carried out), and Invesco will follow at around 7.30 p.m.

(FOR INFORMATION)

Background Papers

Quarterly report from Investec for the quarter ending 30 September 2003.

Quarterly report from Invesco for the quarter ending 30 September 2003.

6. LOCAL AUTHORITY FINANCE SETTLEMENT 2004/05 (DF)

1. Purpose of Report

1.1 **The purpose of this report is to inform Members of the details of the 2004/05 local authority finance settlement.**

2. Background Information

2.1 The Government announced the local authority finance settlement on 19 November 2003. This set out the basis on which Revenue Support Grant and Business Rates will be distributed to Councils in 2004/05. These figures are still provisional and are subject to consultation. The final statutory reports will be laid before Parliament towards the end of January.

2.2 On 11 December Government announced that the amount of grant would be increased from the figures published on 19 November in order to reduce the impact on Council Tax bills.

- 2.3 Most of the methodology for distributing grant in 2004/05 is a continuation of the arrangements introduced in 2003/04. However, all support for Housing and Council Tax Benefits has been removed from Formula Grant and transferred to direct subsidy and this will have a significant impact on grant entitlement.
- 2.4 A glossary of terms used in this report appears in Appendix 'B' and a simple guide to the Settlement is published on the ODPM web site at; www.local.odpm.gov.uk/finance/0405/simpguid.pdf.

3. Report

3.1 Under the system for distributing Government grant, District Council services fall into one block called the Environmental Protection and Cultural Services (EPCS) block. The Council's formula spending share is the sum of the EPCS calculation and a capital financing element. This is set out in Appendix 'C', showing an abbreviated form of the calculation for all the Surrey districts. The main features of the system are summarised below.

3.2 Formula Spending Share (FSS)

3.2.1 Runnymede's provisional FSS for 2004/05 will be £10.248 million, as shown in Appendix 'C'. The main components are:

- a **Basic Amount** of £72.81 per head of population.
- various **Additive Top-Ups** intended to reflect the particular geographic and social features of the area that will affect the delivery of services.
- an **Area Cost Adjustment** designed to reflect the higher cost of providing services in various parts of the country.
- a **Capital Financing** block that is meant to reflect the cost of financing capital expenditure and the interest earned from investments.

3.3 Formula Grant

3.3.1 **Formula Grant** is the name for the cash that the Council will receive from the Government. The Council's entitlement to Formula Grant is based on its Formula Spending Share. It comprises two elements:-

- **Income from Business Rates**, based on an amount per head of population (for shire districts this amount is £27.24 per head), producing £2,149,000 for Runnymede.
- **Revenue Support Grant**, representing the Council's **Formula Spending Share** less the **Income from Business Rates** and the income it would derive by charging its share of the **Assumed National Council Tax**. The result of this calculation is subject to protection provided by the **Floors and Ceilings** arrangements. The Government has decided that the minimum increase in Formula Grant (i.e. the Floor) will be 3% for shire districts. Runnymede will benefit from this protection again in 2004/05, receiving £240,000 more than it would without protection.

3.3.2 The following table shows how the Council's cash entitlement in 2004/05 compares with 2003/04.

2003/04 £		2004/05 £
2,723,200	Income from NNDR pool	2,149,000
	Revenue Support Grant	
1,762,250	- unadjusted entitlement	2,121,300
335,350	- uplift to the floor increase	240,300
<u>4,820,800</u>	<u>Formula Grant</u>	<u>4,510,600</u>

3.4 Assumed National Council Tax

3.4.1 As noted above, the calculation of Revenue Support Grant includes income derived from an assumed level of Council Tax. The Government has based the **Assumed National Council Tax** on a total of £1,059.02 at Band D in 2004/05. The amount included in this figure for shire districts like Runnymede is £181.66.

3.5 Change in Government support for Benefit payments

- 3.5.1 The Government proposes to change the way in which it supports the payment of Benefits. At present the Council receives a 95% subsidy towards payments of Rent Allowances and Council Tax Benefits. The remaining 5% falls on the General Fund and is taken into account in the calculation of the Council's Formula Spending Share. Rent Rebates are funded by a subsidy within the Housing Revenue Account.
- 3.5.2 With effect from 2004/05, the Government intends to pay a 100% subsidy for all categories of Benefit payment. It also proposes to increase the amount of subsidy it pays for various incentive areas (Benefit overpayments and backdatings) and will contribute to local scheme costs for the first time (the Council's local scheme disregards war widows' pensions from the calculation of benefit entitlement). As a consequence, the Council's Formula Spending Share for 2004/05 has been reduced to reflect the change in direct subsidy of Benefits to 100% funding.
- 3.5.3 Unfortunately, the adjustment to the Formula Grant that the Council will receive has been based on a notional apportionment of national totals rather than actual benefits paid. This results in a mismatch between the amount taken out of Formula Grant and the additional amount paid in benefit subsidy. For Runnymede, there is a net loss of approximately £77,000:-

Impact of the transfer of Government support from Formula Grant to Benefit Subsidy	
	£
Formula Grant	-467,000
Benefit Subsidy	390,000
	<hr/>
	-77,000

4. Comparison with the Council's Revenue Forecast

- 4.1 The Revenue Forecast approved by Council in October assumed that the Council would receive Formula Grant of £4.95 million in 2004/05 and that the present arrangements for paying Benefit subsidy would continue.
- 4.2 The provisional settlement provides for a payment of £4,510,600 in Formula Grant to Runnymede in 2004/05. In addition, the Council will receive an additional £390,000 in direct subsidy towards the cost of Benefit payments. The proposals therefore represent a reduction of £50,000 on the position assumed in the Revenue Forecast.

5. Conclusions

- 5.1 Benefit Administration has been removed from the national control totals for distributing Formula Grant. This will be paid by direct grant in future. This approach is a welcome development. The Council argued for this change to be made in its response to the September consultation paper.
- 5.2 However, the change in the methodology for distributing grant support for Benefits has meant that the Council will not receive the minimum grant increase of 3% announced by the Government. There is a similar impact on most of the other Surrey districts. Officers believe that this was an unintended consequence. Representations have been made to both the Office of the Deputy Prime Minister and the Department of Works and Pensions in the hope that the formulae will be changed to make the impact neutral.
- 5.3 Apart from the change in Benefit support, the remaining features of the 2004/05 settlement are very similar to the current financial year.
- 5.4 The latest figures available are still provisional. The final grant settlement figures approved by Parliament will be reported to Committee on 5 February 2004 when the overall budget for 2004/05 will be considered.

(FOR INFORMATION)

Background Papers

Local Authority Finance Settlement papers received from the Office of the Deputy Prime Minister.

7. REVENUE ESTIMATES 2004/2005 (DF)

Members are asked to receive and consider the draft estimates and fees and charges for this Committee for 2004/05. The report of the Director of Finance is set out at Appendix 'D'.

OFFICERS' RECOMMENDATION that -

- i) the proposed fees and charges for 2004/2005 as set out in Appendix 'D' be approved to be effective from 1 April 2004 or as appropriate; and**
- ii) the draft revenue Estimates for 2004/2005 be approved as submitted.**

(TO RESOLVE)

Background Papers

Director of Finance's Estimates Working Papers 2004/05 file for Corporate Management Committee (part exempt)

8. COUNCIL TAX DISCOUNTS (DF)

(Ref: Minutes of Corporate Management Committee, January 2002, page 714, para 469)

1. Purpose of Report

- 1.1 The purpose of this report is to inform the Committee of the provisions in the Local Government Act 2003 relating to Council Tax discounts and to consider the exercise of Council discretions.**

2. Background Information

- 2.1 The Local Government Act 1992, under which Council Tax was introduced, provides for dwellings that are empty or are second homes to be awarded a 50 per cent discount on the Council Tax.
- 2.2 At its meeting in January 2002 the Committee considered a report on the Government's consultation paper on proposed changes to the treatment of second homes and long-term empty homes for the purposes of Council Tax discounts. The report outlined the Government's intention to give local authorities the discretion to reduce discounts for second homes or empty properties. The Committee decided that it did not support the Government's proposals to change the existing legislation.
- 2.3 The reduction of empty homes has been highlighted as a priority in the Community Strategy, the Housing Strategy, the Private Sector Renewal Strategy and the Leader's Position Statement. Empty homes are a wasteful housing resource and if neglected can become a problem for the immediate environment.

3. Report

- 3.1 The Local Government Act 2003 gives effect to the Government's intention of giving local authorities the discretion to reduce Council Tax discounts. The arrangements have been amended from the proposals originally put forward in the consultation paper and are set out in the following paragraphs.

Discounts for second homes

- 3.2 The Council will be able to change the nationally set 50 per cent discount for second homes subject to a minimum of 10 per cent. This will apply to furnished dwellings that are no-one's sole or main residence with the exception of caravans, boats and dwellings where the liable person is also liable for Council Tax for another dwelling linked to their work.

3.3 There are 267 second homes in this category in the following bands:-

	BAND A	BAND B	BAND C	BAND D	BAND E	BAND F	BAND G	BAND H	TOTAL
Second homes	19	11	42	43	37	20	43	48	263

3.4 If the Council were to exercise its discretion to reduce the discount on second homes to the minimum rate of 10%, this would generate an additional tax yield for each of the charging authorities in the Runnymede area. This is set out below, based on current tax levels.

	Impact of increased taxbase £
Runnymede Borough Council	11,700
Surrey County Council	117,000
Surrey Police Authority	18,600
	<u>£147,300</u>

3.5 This would not affect the figures used by the Government to calculate grant entitlement, so the money raised would be available to fund additional services. There is no restriction on the use of these additional tax revenues.

3.6 While the discretion to change the rate of discount is exercised by the billing authority (i.e. Runnymede Borough Council), the financial benefit is shared by all the precepting authorities in proportion to their share of the Council Tax. This means that the income that this Council would derive if the maximum discretion had been exercised in 2003/04 would be £11,700 out of a total income of £147,300. However, if all precepting authorities were able to agree on a spending initiative which would justify the reduction in the discounts, this would create an incentive for the Council to consider exercising its discretion. An appropriate initiative would be to fund the Council's affordable housing programme since the provision of affordable housing is an objective of the County Council as well as this Council. It is proposed to raise this matter at the next meeting of the Surrey Local Government Association with a view to achieving a consistent approach across the County.

Discounts for empty homes

3.7 Dwellings that have been empty for more than six months attract a 50% discount. The Government intends to give billing authorities the discretion to reduce this discount to nil. However, unlike the discounts for second homes, if the Council decides to exercise this discretion, the Government will also take this into account in the tax base used in revenue support grant calculations. This will normally offset any financial benefit gained by the Council from the increase in the tax base.

3.8 There are 421 empty homes in the borough. They are in the following bands:-

	BAND A	BAND B	BAND C	BAND D	BAND E	BAND F	BAND G	BAND H	TOTAL
Second homes	23	25	133	96	47	33	41	23	421

3.9 If the Council were to exercise its discretion to reduce the discount on empty homes to the minimum rate of zero, this would generate the following additional tax yield for each of the charging authorities, based on current tax levels:-

	Impact of increased taxbase £
Runnymede Borough Council	20,000
Surrey County Council	199,400
Surrey Police Authority	31,600
	<u>£251,000</u>

3.10 Ordinarily, this would be largely offset by the figures used by the Government to calculate grant entitlement, so there will be a national rather than a local benefit. The exception to this will be those Councils, like Runnymede, who are subject to grant protection. In this case, the grant is not expected to be adjusted for the increase in the taxbase and therefore the Council has an opportunity to gain from its proportion of the additional yield.

3.11 The removal of discounts could complement the other initiatives that the Council has taken in relation to empty homes in the Borough (for example, using compulsory purchase as a last resort to achieve the improvement and occupation of property). The Committee's views on the exercise of this discretion are requested.

Other Discounts

3.12 The Local Government Act also gives billing authorities the power to reduce the amount of Council Tax payable to nil for any chargeable dwelling in their area. This discretion may be applied either on an individual or class of dwellings basis. This will allow the Council to introduce local discounts and exemptions for local situations such as flooding and which are not already covered by the national discounts and exemptions.

3.13 If the Council were to exercise this discretion, the whole cost of the reduced yield will fall on the Council (i.e. it will not be shared with Surrey County Council or the Surrey Police Authority). It is suggested that the Council should consider the merits of awarding any discount when each case arises.

4. Resource Implications

4.1 The withdrawal of Local Authority Social Housing Grant this year represents the end of a significant source of funds to meet the affordable housing programme. The Council's success so far in meeting affordable housing targets has played an important part in reducing homelessness in the Borough, the cost of which would otherwise fall on the General Fund.

4.2 The new legislation provides an opportunity for the Council to raise additional income through the removal of Council Tax discounts. While there is no restriction on the use of this money, this could be used as a new source of funds to pay for affordable housing.

4.3 The exercise of the Council's maximum discretion could raise £11,700 from second homes and £20,000 from empty homes. However, if Surrey County Council and Surrey Police Authority were prepared to contribute their additional income from second homes towards an agreed affordable housing programme, this would add a further £135,600.

OFFICERS' RECOMMENDATION that -

- i) the Council's policy on exercising its discretion to reduce Council Tax discounts on second homes be deferred pending discussions with Surrey County Council and other Surrey Districts;**
- ii) the Committee considers future Council policy on the discretion to reduce Council Tax discounts on empty homes; and**
- iii) requests for discounts not otherwise covered by national discounts or exemptions be considered on their merits when they arise.**

(TO RECOMMEND)

Background Papers

Statutory Instrument 2003 No. 3011, The Council Tax (Prescribed Classes of Dwellings) (England) Regulations 2003

Statutory Instrument 2003 No. 3012, The Council Tax (Calculation of Council Tax Base) (Amendment) (England) Regulations 2003

Local Government Bill, Part 6 (Council Tax Provisions), Consequential Regulations and Directions - A Consultation Paper, Office of the Deputy Prime Minister:

www.local.odpm.gov.uk/finance/ctax/lgbpart6.pdf.

9. COUNCIL TAX AND BUSINESS RATES - PRINTING OF ANNUAL BILLS (DF)

1. Purpose of Report

1.1 **The purpose of this item is to report the waiving of Standing Orders for Contracts under the Council's urgent action procedures in order to reappoint Financial Data Management Ltd to print and despatch Council Tax and Business Rates bills for a further year.**

2. Background Information

2.1 The printing and despatch of Council Tax and Business Rate bills is undertaken by an external contractor. The contract covers:

- i) the printing, collating, enveloping and despatch of the initial Council Tax Bill/Book and Non-Domestic Rate Books together with associated documents for the 2004 Annual Billing process;
- ii) the printing and despatch of Council Tax payments books in April 2004;
- iii) printing and delivery of ongoing stationery.

2.2 The last time that this contract was advertised was in 2001. The contract was awarded to the lowest tenderer, Financial Data Management Ltd.

3. Report

3.1 Unfortunately, the need to re-advertise this contract was overlooked. Officers did not realise this mistake until December, by which time there was insufficient time to seek competitive quotes for the work because data for testing purposes has to be provided by the second week in January and printing dates need to be booked.

3.2 Financial Data Management Ltd offered to provide the same service to the Council and maintain their contracted prices with an adjustment for inflation. The total value of the contract in 2003/04 (including ongoing stationery) was £17,262. With an inflationary uplift of 2.75%, the contract will cost £17,737 in 2004/05.

3.3 In accordance with the urgency procedures set out in the Council's Standing Orders for Contracts (paragraph C1.6), the authority of the Chief Executive Officer and the Director of Administration and Leisure was obtained to reappoint Financial Data Management Ltd to undertake this contract in 2004/05.

3.4 It is planned to invite tenders for a three year contract for this work during the summer.

(FOR INFORMATION)

Background Papers

None stated

10. LOCAL GOVERNMENT PENSION SCHEME - DISCUSSION PAPER (CEO)

1. Purpose of Report

1.1 **The purpose of this report is to seek Members' response to questions raised in a Discussion Paper concerning the Local Government Pension Scheme.**

2. Background Information

2.1 The Policy Discussion Paper, dated 7 November 2003 and issued by the Office of the Deputy Prime Minister, is intended to take forward a series of amendments to the existing Local Government Pension Scheme (LGPS) regulatory framework which collectively reflect the following:-

- i) Recent pension policy changes to apply to all Occupational Pension Schemes as set out in the White Paper "Simplicity, Security and Choice: Working and Saving for Retirement - Action on Occupational Pensions";
- ii) Inland Revenue proposals for change as trailed in that department's Consultation Paper "Simplifying the Taxation of Pensions: Increasing Choice and Flexibility for All"; and
- iii) Several propositions which have emerged from responses to previous Discussion Papers circulated as part of the current stock take of the LGPS.

2.2 This current exercise is not a statutory consultation; rather, the views of LGPS stakeholders are being sought on several important proposed changes to the current Scheme's regulatory framework. Responses to the exercise will be considered in the preparation of draft amending regulations that will implement the second phase of the strategy.

2.3 Responses to the Discussion Paper are invited by no later than 12 January 2004.

3. Report

3.1 A copy of the full Discussion Paper is reproduced at Appendix 'E'.

3.2 Responses to the various issues raised in the Discussion Paper are suggested as follows:

3.3 Removal of the "85 year rule" for new members

3.3.1 Currently, LGPS members may retire from age 60 with unreduced benefits provided that they have a minimum of 25 years pensionable service. It is proposed to remove this facility and introduce age 65 as the normal retirement age for all new Scheme members (regardless of service). It is proposed to introduce this change with effect from 6 April 2005.

3.3.2 Suggested response

No comment.

3.4 Phasing of the "85 year rule" for existing members

3.4.1 The effect of the Government's proposals, as described above, is that future public service pension benefits will not be paid before age 65, unless actuarially reduced. The Government has, however, indicated that all pension rights, accrued from past service, will be fully protected.

3.4.2 The Discussion Paper seeks views on the best means to implement the necessary changes and, in particular, how the higher pension age should apply to the future service of existing staff, and how to ensure that any transitional arrangements are equitable.

3.4.3 Suggested response

Many Scheme members with long service will be affected adversely by this proposal. An implementation date of April 2005 provides inadequate notice for staff who are currently

planning to retire at age 60 in the immediate years following this date. In order to provide adequate notice of this change and to enable current Scheme members to plan accordingly, it is recommended that a minimum of 15 years' notice is applied to the implementation of this provision for existing Scheme members, i.e. 6 April 2020. Benefits arising from membership after that date should be actuarially reduced for retirements before age 65.

3.5 **Increasing the earliest age at which LGPS benefits may be paid, other than on the grounds of ill health, from 50 to 55**

3.5.1 Suggested response

No comment.

3.6 **Flexible retirement and incentivisation methods to assist in the retention of Scheme members in employment**

3.6.1 Currently, it is difficult for Scheme members to continue in employment and Scheme membership beyond age 65. It is also difficult for Scheme members to facilitate an easy transition from full time work to full time retirement.

3.6.2 Suggested Response

In view of age discrimination legislation and the need to enable an easier transition from work to retirement, the following proposals are made:

- i) Scheme members be able to continue to accrue pensionable service up to age 70; and*
- ii) Scheme members be able to receive LGPS pension benefits and to continue in employment on a phased reduced basis for a further twelve month period. The income derived from pension and part-time salary would provide a buffer until the time of full retirement. Such a facility would need to be subject to a minimum period of Scheme membership (say, ten years).*

3.7 **Further streamline the Phase 1 amendments to the LGPS provisions in line with the amendments to be made under the forthcoming Pensions Bill**

3.7.1 Suggested response

No comment.

3.8 **Simplification changes to the Scheme's provisions**

3.8.1 The Inland Revenue have indicated that all Pension Schemes will be subject to a common set of taxation rules in the future. Draft amending regulations are to be issued in Spring 2004 which will identify changes to be implemented on 6 April 2005.

3.8.2 Suggested response

No comment.

3.9 **Employees' contribution rate**

3.9.1 The Discussion Paper seeks views on a more equitable sharing of increased costs of providing the LGPS benefits.

3.9.2 Suggested response

The LGPS is a valued facility by both employer and employee. In order to retain the facilities of the Scheme but to contain costs, the current level of employee contribution of 6% of salary should be reviewed. An increase to 8% of salary should be introduced for all new Scheme members and a phased increase to this level should be introduced for current Scheme members.

3.10 **Partner's benefits**

3.10.1 The Government is considering introducing a new legal status of civil registered partner for same sex partners who register under a new scheme giving them specific rights and responsibilities. One of the rights proposed on the death of a registered partner would be the right to claim survivor benefits, including a pension, in the same way as married partners. Any resultant overriding national legislation will need to be reflected in the LGPS.

3.10.2 Suggested response

No comment.

3.11 **Redundancy/efficiency retirements**

3.11.1 A Scheme member may currently be retired on the grounds of redundancy or the efficiency of the service from age 50 and receive immediate Scheme benefits. The proposal is to increase this minimum age to 55.

3.11.2 Suggested response

Scheme members who are retired on the grounds of redundancy or the efficiency of the service should be entitled to immediate unreduced Scheme benefits from age 55.

3.12 **Discretionary payments**

3.12.1 Any changes to the LGPS which impact on the Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations 2000 need to be taken into account. Interested parties are invited to comment on any desired changes.

3.12.2 Suggested response

No comment.

4. **Resource Implications**

4.1 It is important for the recruitment and retention of staff that, if possible, the facilities of the LGPS are maintained. The above proposals attempt to achieve this aim at a minimum cost to the Council.

THE COMMITTEE IS ASKED -

to adopt or amend the comments set out above as the Council's response to the Discussion Paper.

(TO RESOLVE)

Background Papers

Local Government Pension Scheme - Phase 2 : Policy Proposals Discussion Paper, Office of the Deputy Prime Minister 7 November 2003

11. **APPOINTMENTS TO OUTSIDE BODIES (DAL)**

a) **St Jude's Church of England School**

Since 1 September 2003 District Councils no longer have the right to appoint School Governors as a "Minor Authority". School Governing Bodies are required to re-constitute themselves under the Education Act 2002, and in so doing may allow a District Council to appoint a "Community Governor". It is understood that St Jude's C of E School, Englefield Green intends to re-constitute in September 2004.

St Jude's School has a Runnymede appointed Governor, Mr E Carr, whose term of office expires in January 2004. The School would like Mr Carr to be re-appointed until such time as the Governing Body is re-constituted. Mr Carr is willing to be re-appointed.

b) Basingstoke Canal Joint Management Committee/CAB Management Committee

At its meeting in December 2003 the Committee deferred consideration of a replacement for the late Councillor A.G. Collins on the Basingstoke Canal Joint Management Committee and CAB Management Committee. Members are asked to indicate whether they wish the vacancies to be filled. The term for both appointments is to May 2004.

OFFICERS' RECOMMENDATION that -

- i) Mr E.P. Carr be re-appointed as a Governor of St Jude's C of E School until such time as the school re-constitutes its Governing Body in accordance with the Education Act 2002; and**
- ii) consideration be given to filling the vacancies on the Basingstoke Canal Joint Management Committee and CAB Management Committee.**

(TO RESOLVE)

Background Papers

Letter from Director of Administration and Leisure to the St Judes C of E School, 11 November 2003.

12. EXCLUSION OF PRESS AND PUBLIC

OFFICERS' RECOMMENDATION that -

where appropriate the press and public be excluded from the meeting during discussion of the report under Section 100A(4) of the Local Government Act 1972 on the grounds that the report in question would be likely to involve disclosure of exempt information of the description specified in the appropriate paragraphs of Part I of Schedule 12A of the Act.

(TO RESOLVE)

PART II

Matters involving Exempt or Confidential Information in respect of which reports have not been made available for public inspection

a) Exempt Information

(No reports to be considered under this heading)

b) Confidential Information

(No reports to be considered under this heading)