
**THE NORTH EAST ASSEMBLY AND
THE ASSOCIATION OF NORTH EAST COUNCILS – PENSION PROVISIONS**

Responsible Cabinet Member(s) - Councillor John Williams, Leader

Responsible Director(s) - Paul Wildsmith, Director of Corporate Services

Purpose of Report

1. To seek the approval of Members to enter into a Guarantee Agreement in common with other participating Local Authorities in relation to the Admission of Employees of the North East Assembly and the Association of North East Councils to the Tyne and Wear Pension Fund.

Information and Analysis

2. The Borough Council is a member of the North East Assembly and also the Association of North East Councils. The Assembly and the Association agreed in January 2005 to become separate organisations with the full support of all the Local Authorities in the region.
3. The current intention is that both organisations become incorporated as companies Limited by guarantee. A key issue is the position on staff pensions. Currently the Association is responsible for the employment contracts of staff in both organisations but this position will need to change and the Assembly needs to be in a position to enter into employment contracts with its own existing staff and future employees. Currently all staff of both organisations are members of the Tyne and Wear Local Government Pension Scheme. Both organisations will need to seek admission to the fund and the fund's administrators have indicated provisional agreement to that, provided that the organisations have a guarantor. Currently South Tyneside Council is the Guarantor under the joint arrangements but wishes the role in future to be shared by all member authorities.
4. This proposal has been endorsed by the regional Chief Executive's Group on 28th September, 2005. The effect of this proposal is that in the event of either organisation being wound up and there being a financial shortfall due to the pension fund, then the Local Authorities would guarantee any such sums due. The suggestion is that the liability of each Council would be determined proportionately according to the annual contribution currently made. It is not possible for any figure to be put on the potential contribution and indeed there could well be no financial liability whatsoever.
5. Northumberland, Stockton, South Tyneside and Gateshead Councils have all already provisionally agreed to act as guarantors and it is important that all member authorities give a similar undertaking and enter into the appropriate agreement. It is suggested that the agreement of this Council be on the understanding that all member Authorities enter into the same undertaking.

Outcome of Consultation

6. The issues contained within this report do not require formal consultation.

Legal Implications

7. This report has been considered by the Borough Solicitor for legal implications in accordance with the Council's approved procedures. There are no issues which the Borough Solicitor considers need to be brought to the specific attention of Members, other than those highlighted in the report.

Section 17 of the Crime and Disorder Act 1998

8. The contents of this report have been considered in the context of the requirements placed on the Council by Section 17 of the Crime and Disorder Act 1998, namely, the duty on the Council to exercise its functions with due regard to the likely effect of the exercise of those functions on, and the need to do all that it reasonably can to prevent, crime and disorder in its area. It is not considered that the contents of this report have any such effect.

Council Policy Framework

9. The issues contained within this report do not represent change to Council policy or the Council's policy framework

Decision Deadline

10. For the purpose of the 'call-in' procedure this does not represent an urgent matter.

Recommendation

11. It is recommended that the Borough Solicitor be authorised to enter into an appropriate guarantee agreement relating to the admission of employees of the North East Assembly and the Association of North East Councils to the Tyne and Wear Pension Fund on the understanding that all member Authorities enter into the same undertaking.

Reasons

12. The recommendation is supported as it is important that all constituent Local Authorities enter into the Guarantee Agreement and share the contingent liability on an equitable basis.

Paul Wildsmith
Director of Corporate Services

Background Papers

- (i) Letter from Interim Director NEA and Director ANC 11th October 2005 to the Chief Executive.
- (ii) Letter from Chair of Regional Chief Executive's Group to Chief Executive 25th November, 2005.
- (iii) Letter from Interim Director NEA to Chief Executive 29th November, 2005

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