

PERSONNEL COMMITTEE

Long Service Awards

14th June 2017

Report of the HR Service Manager

PURPOSE OF REPORT

To enable the Committee to consider and approve the introduction of a revised Long Service Awards Policy.

This report is public

RECOMMENDATIONS

- (1) That Personnel Committee agree to the introduction of a revised Long Service Awards Policy effective from 13 September 2017.

1. Background

In 1990 the Council introduced Long Service Awards. The awards take two forms:

- a payment or gift to those employees who reached 25 years' service with LCC;
- a payment of £10 for each year of service for employees who retire, having exceeded 25 years' service with LCC.

There is no published Long Service Award Policy, though current arrangements were agreed by Personnel Committee in 1990. It is proposed to introduce a Long Service Award Policy, as appended to this report, which will thereafter be subject to regular review in line with other HR policies.

Traditionally employers have tended to recognise staff via their longevity in post. Whilst staff loyalty is important, long service awards only reward a relatively small proportion of staff and take no account of performance or contribution. Many employers have therefore moved away from long service awards

2. Long Service Award – 25 years' service with LCC

The majority of staff welcome the formal recognition that comes with their achievement of 25 years' service with Lancaster City Council, though this may be influenced in part by the absence of any other type of award scheme.

Since its introduction in 1990, the Long Service Award has been set at £125.00, which in real terms has diminished in value over the intervening 27 years.

At this point in time it is not the recommendation that Long Service Awards should be removed entirely, however given the length of time the Long Service Awards have been in place, it is appropriate to review the current arrangements.

2.1 Current process

Prior to reaching 25 years' service staff are contacted and offered two options:

- **Cash Only** - £125.00 is paid directly into the employee's bank account through payroll. The award is then regarded as a monetary gift by HMRC and is subject to deductions for Tax and National Insurance. Whilst this is an efficient way of paying the award, taxation results in employees receiving a reduced amount in the region of £85 - £90.

Recognising Long Service in this way is far from ideal, since it is impersonal and payment of a reduced sum of money directly into a bank account involves little in the way of 'recognition'. Relatively few employees take this option and those that do tend to be manual staff.

- **Gift** - If an employee elects to purchase a gift the current process is administratively burdensome. As the Council can reclaim VAT on the purchase the employee may choose a gift up to the value of £150.00. The majority of employees choose the gift option.

In all cases the employee receives a certificate signed by the Mayor and Chief Executive. They can also choose to have their certificate and gift formally presented to them by their Chief Officer, the Mayor or the Chief Executive.

2.2 Long Service Award – Future Options

2.2.1 Introduce High Street Vouchers

To reduce officer time and administration and to ensure that all employees reaching 25 years' service receive a gift of the same value, it is proposed to remove the two current options and introduce a single approach whereby the award will take the form of High Street Vouchers (branded as Love2Shop).

As the vouchers are taxed at source this means that the employee will receive the full award amount without deduction for Tax and NI. However, the Council would no longer be able to reclaim the VAT, so the maximum award value would be £125.00.

The Procurement Manager has confirmed that there is no requirement to go through a tendering process. However, HR have undertaken research into providers and have concluded that High Street Vouchers appear to be the most flexible option, allowing the employee a varied choice of retailer, use them to pay for entry to a range of attractions or make a charitable donation.

High Street Vouchers can be ordered annually thereby further reducing administration time and, where an order of over £1,000 is placed, the Council would qualify for a small discount of 1.5% of the value, plus free secure delivery.

2.2.2 Increase the long service award

The value of the award has not increased since its inception in 1990 when the award was set at £125. It is proposed to increase the value of the Long Service Award by a modest amount from £125 to £150.

Assuming they remain in post, there are currently 50 employees due to receive a Long Service Award in the next 5 years. Costs are estimated as follows:

- £125 x 50 = £6,250
- £150 x 50 = £7,500

2.2.3 Celebrating Success – Long Service Awards

All officers who achieve a Long Service Award will be invited to attend a Celebrating Success event (the nearest one to their 25 year anniversary), where they will be presented with their certificate to properly recognise their commitment to the organisation.

3. Long Service Retirement Awards

It is proposed that Long Service Retirement Awards are discontinued.

Long Service Retirement Awards are paid only to those employees who have already reached 25 years' service with LCC at the point that they retire from the Council. Staff with over 25 years' service who leave the Council for any reason do not qualify for the payment.

As these awards are only made when the employee retires from Lancaster City Council, relatively few employees benefit from them. In addition, these same employees have already been formally recognised for their long service upon reaching 25 years' service.

Employees who qualify receive £10 for every year of service with LCC. The payment is paid with the employee's final monthly salary payment and is subject to deductions for Tax and NI. There is no formal presentation of the award nor is there an accompanying certificate. As the employee is also retiring they will receive a lump sum pension payment from the Local Government Pension Scheme.

The cost of the Long Service Retirement Awards is met from individual Service budgets. An average of £1,720 has been spent on Long Service Retirement Awards for the calendar years 2013 – 2016. By the end of May 2017 £2,140 will have been spent on Long Service Retirement Awards in the current calendar year. Even taking account of the proposals regarding Celebrating Success awards, increasing the Long Service Award to £150 would still be less (on average) than the cost of continuing with the Long Service Retirement Awards.

Importantly there is no benefit whatsoever to the Council in terms of improved productivity or engagement, since the employee receives the payment with their final salary. Consequently it would seem entirely appropriate to discontinue the Long Service Retirement Award.

4. Implementation date

It is proposed that the changes outlined above should be implemented 12 weeks after Personnel Committee, namely 13 September 2017.

5. Conclusion

Members are asked to consider and accept the Officer recommendations in respect of the draft Long Service Awards Policy appended to this report and the discontinuation of the Long Service Retirement Award.

CONCLUSION OF IMPACT ASSESSMENT
--

(including Health & Safety, Equality & Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing):
--

An Equality Impact Assessment has been undertaken.
--

LEGAL IMPLICATIONS

Legal Services have been consulted and have no further comments.
--

FINANCIAL IMPLICATIONS

There is an annual budget provision of £1,500 for Long Service Awards so based on the number who are currently due to receive the award in the next 5 years there would be no budget increase required if the £150 vouchers option was approved.

There are no budget implications for removing the Long Service Retirement Awards as the costs are normally met from turnover savings on retirement of the postholder.

OTHER RESOURCE IMPLICATIONS, such as Human Resources, Information Services, Property, Open Spaces:

Not applicable.

SECTION 151 OFFICER'S COMMENTS

The s151 Officer has been consulted and has no further comments.

MONITORING OFFICER'S COMMENTS

Monitoring Officer has been consulted and has no further comments.

BACKGROUND PAPERS

Contact Officer: Angela Jackson
Telephone: 01524 58279
E-mail: ajackson@lancaster.gov.uk