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To: County Council – 12 May 2011

Subject: Removal of Senior Officer Medical Insurance

Classification: Unrestricted

Summary: This paper outlines the recommendation from Personnel Committee to County Council that the Senior Officer Medical Insurance Scheme should be withdrawn which will deliver savings of £200k.

1. BACKGROUND

- 1.1 The scheme was introduced many years ago as a way of trying to ensure that medical conditions were treated promptly enabling the manager to return to work sooner than otherwise would have been the case.
- 1.2 In order to address the significant financial challenge specific savings have been identified in the Budget Book for 2011/12. This included savings described as “Review of terms and conditions of employment” and is in addition to the £0.5m on Personnel and Development (P&D) policies also proposed for 2011/12. The proposed withdrawal of the Senior Officer Medical Insurance Scheme seeks to deliver savings within this requirement.

2. SENIOR OFFICER MEDICAL SCHEME (SOMI)

- 2.1 KCC offers a facility whereby Senior Managers on grades KR13-15 can opt into a private medical insurance Scheme which is paid for by KCC. The current premium is £750 per annum for each member and individuals incur a tax liability on this amount. Partners and children can be added at the member's expense. A profile of membership is given in Appendix. 1.
- 2.2 Individuals on grades above KR15 can opt in at their own expense.
- 2.3 Other Authorities which were previously part of KCC including Police, Fire and also some colleges access the KCC scheme.
- 2.4 Removal of this provision will need to take into account a number of factors such as notice period, the drawdown of funds held in Trust and communication with other authorities who access this scheme. It is intended that any current treatment would continue however there will come a point when no new treatments can be allowed. Members of the scheme will be given appropriate notification along with potential alternative arrangements they may wish to consider.
- 2.5 The savings, taking into account the premium payments and administration costs would amount to approximately £200k per annum.

2.6 Initial screening from an Equality Impact Assessment indicates that there is no high risk impact. No concern has been raised by staff groups. Affected staff will receive communication prior to the formal decision being made, as part of the consultation process.

3 CONCLUSION

3.1 Over recent years the provision of employee benefits has moved on. Schemes such as SOMI are now seen as inequitable since it could be argued that supporting staff responsible for front line delivery is just as important. Given the relatively low numbers of people covered, the costs involved and the unsustainable basis of its provision, the scheme is not now seen as being fit for purpose.

3.2 Due to the scheme being accessed by other authorities, we will need to engage in communication with extended members about the sensible timing of closure, should County Council agree with the recommendation that this provision is withdrawn.

3.3 At its meeting on 28 March 2011, the Personnel Committee agreed to recommend to the County Council that the SOMI scheme should be withdrawn.

4 RECOMMENDATION

4.1 Personnel Committee recommends that County Council approve the withdrawal of the Senior Officer Medical Insurance (SOMI) Scheme and agree that it ceases operation, including ongoing commitments, by the end of this financial year.

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Profile of Senior Officer Medical Insurance Membership

Category	Numbers
KCC employees	195 (out of 409 eligible)
Voluntary paid members	16
External Organisation	31
Voluntary contributions for dependants	88