

# **APPENDIX 1**

## **THE ROYAL BOROUGH OF KENSINGTON AND CHELSEA**

### **ADMINISTRATION COMMITTEE – 16 FEBRUARY 2011**

#### **REPORT BY THE DIRECTOR OF HUMAN RESOURCES AND GENERAL SERVICES**

##### **APPOINTMENT OF TRUSTEES FOR THE PRIVATE MEDICAL HEALTHCARE TRUST**

The Administration Committee is advised of the proposed funding changes to the Council's Healthcare Scheme and asked to agree to the appointment of named Trustees from 1 April 2011.

**FOR INFORMATION AND DECISION**

## **1. INTRODUCTION**

1.1 The purpose of this report is to:

- advise the Committee of the proposed funding changes to the Council's Healthcare Scheme from 01 April 2011 and
- to ask the Committee to agree to the appointment of named Trustees to oversee the Healthcare Trust from 01 April 2011

## **2. BACKGROUND**

2.1 The Council's voluntary Private Healthcare Trust Scheme was established in June 2008 by Key Decision No. KD02821/08/C/A of the Cabinet Member for Corporate Services. Eligibility criteria were that the Scheme was available to employees on a Hay Management contract or those who have completed five year's service with the Council.

2.2 The scheme was a taxable benefit so that individual employees within the scheme paid tax on the Council's contributions dependant on whether they are a standard rate taxpayer (20%) or in the high tax bracket (40%). These payments were deducted from the

employees' salaries each month. However, there were no direct contributions to the scheme by staff.

- 2.3 Employees could include direct family members although the contributions were fully paid by them.
- 2.4 Trustees were appointed by the Administration Committee to oversee the running of the Healthcare Trust, attend to any operational matters arising and review the financial performance of the claims fund administered by the Healthcare Scheme administrators, Aviva Healthcare (previously Norwich Union).
- 2.5 A special meeting of the Administration Committee 21 May 2008 appointed three trustees to oversee the Private Medical Healthcare Trust. The Trustees appointed were
  - Cabinet Member for Finance
  - George Bishop, Director of Human Resources and General Services
  - Paul Kidd, Head of Financial Services

### **3. REVIEW MATTERS AND CHANGE PROPOSALS 2011**

- 3.1 From 01 April 2011, the Council is changing the funding of the Private Healthcare Trust from an employer contribution basis to a scheme that requires employees wishing to be insured by the Healthcare Trust to pay the full contribution. Membership eligibility of the new scheme will now be open to all Council employees, irrespective of length of service.
- 3.2 The current Healthcare Trust members have been canvassed and approximately 300 have expressed an interest in continuing membership on the revised employee full contribution format from April 2011. It is proposed that the full contributions will be deducted by salary deduction each month.
- 3.3 Since the scheme will no longer be funded by the Council and will now be treated as a direct benefit paid for by employee contributions, the role of appointed Healthcare Trustee now falls within the responsibilities of the Cabinet Member for Civil Society rather than the Cabinet Member for Finance.
- 3.4 Paul Kidd, Head of Financial Services, one of the currently appointed Trustees is to retire from the Council's employment on 31<sup>st</sup> March 2011.

#### **4. FINANCIAL, LEGAL, HUMAN RESOURCES AND EQUALITIES IMPLICATIONS**

The Director of legal Services confirms that under the terms of the Trust deed dated 1<sup>st</sup> July 2008 the Council may by deed appoint new trustees. A Trustee may resign from office by serving thirty days written notice on the Council.

#### **5. RECOMMENDATIONS**

- 5.1 The Administration Committee is recommended to note the changes to the Healthcare Scheme from 01 April 2011.
- 5.2 The Administration Committee is asked to recommend the Council to replace the Cabinet Member for Finance with the Cabinet Member for Civil Society as a Healthcare Scheme Trustee from 01 April 2011.
- 5.3 The Administration Committee is asked to recommend the Council to replace Paul Kidd, Head of Financial Services with Chris Robbins, Risk and Insurance Manager as a Healthcare Scheme Trustee from 01 April 2011.

**GEORGE BISHOP**  
**DIRECTOR OF HUMAN RESOURCES AND GENERAL SERVICES**

**Background papers: None**

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