

*** PRESS RELEASE ***

18 October 2011.

From: Letchworth Town Council.

Letchworth Town Council has now received the judgement of the Bedford Industrial Tribunal in relation to the claim brought by the former members of staff. The Tribunal has held that it was not unreasonable for the former Town Council Supporter councillors to alter the contracts of the staff only a few weeks before the election at which they were ousted so as to entitle the staff, upon redundancy, to be given a severance payment that was 10 times as much as would be given in any other Town Council in Hertfordshire or Bedfordshire in similar circumstances, and in addition to entitle them to 12 months notice (or pay in lieu thereof).

Even though (a) the longest serving member of staff had only been employed for around three years, (and two of the staff had not been employed for sufficiently long to be entitled to any statutory redundancy pay), (b) the terms offered by the old council were many times more generous than any other Town Council in this area and (c) the change to the contracts meant that the staff were entitled to payment of, at a minimum, approximately 17 months pay, with some entitled to closer to two years payment in total, the Industrial Tribunal did not regard this contractual variation as going beyond what the old council could lawfully do.

Commenting on the decision, Frank Lovett, Chairman of the Council said:

“If the former councillors had not changed the contracts just before the elections in 2009, the cost to the rate-payers of Letchworth would have been around £40,000. Because the Tribunal ruled against us the full cost of the redundancy payments to the six former staff (i.e. the severance payments plus the 12 months notice) will be in excess of £200,000. This is despite the fact that two of the six members of staff had less than two years service, and the longest had only a little over three years service.

Because of the unusual nature of these contracts and the very considerable sums of money involved we felt it was our responsibility, on behalf of Letchworth council ratepayers, to seek legal advice. We consulted specialist employment lawyers who advised that what the old council had agreed to give them was so very much greater than the norm that it was likely that the old council's action had been unlawful. In these circumstances, we worked hard with the staff to reach new terms that would strike a fair balance between the interests of the staff and the interests of the ratepayers of Letchworth who had provide the Council's funds. In the end, however, the matter came before the Tribunal for a decision.

It is unfortunate, because we had hoped that any surplus money would eventually have been redistributed back to Letchworth ratepayers. We felt this would have been particularly welcome during this difficult economic time.

Now the money will go to the past employees instead.

Ultimately it is for the ratepayers of Letchworth to form their own view as to whether the way in which the staff contracts were changed was rational or whether it was unreasonably generous. They will draw their own conclusions about the actions of previous councillors who awarded staff these employment terms only a matter of weeks before being voted out of office and whether they would want to go back to such a regime again in the future.

We remain convinced that it was our duty to try to safeguard the council's funds for

the ratepayers of Letchworth and that it was the correct thing to do”

As the Tribunal has now ruled on the matter, the Council will continue with its elected mandate of seeking the permanent closure of the town council at the soonest possible opportunity.

*** ENDS ***

Notes to editors:

This release is issued further to the Council’s press release of 30 August 2011 (copy attached for reference).

For further information please contact Frank Lovett on 07968 025501 or by email at frank.lovett@lethworth-tc.gov.uk