

Committee:	Executive	Agenda Item No.:	9
Date:	10 June 2013	Status	Open
Category	N/A		
Subject:	Councillor Access to the Local Government Pension Scheme		
Report by:	Governance Manager		
Other Officers Involved and relevant	Councillor Eion Watts, Leader of the Council Councillor Alan Tomlinson, Deputy Leader of the Council		
Cabinet Member with responsibility	Chief Executive Assistant Director – Governance and Monitoring Officer		
Groups/persons consulted	BDC Members of LGPS will be consulted on 12 June 2013 Cabinet		

RELEVANT CORPORATE AIMS AND STRATEGIC OBJECTIVES

STRATEGIC ORGANISATIONAL DEVELOPMENT
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PURPOSE OF THE REPORT

The purpose of this report is to give members an opportunity to respond to a Government consultation on councillor access to the Local Government Pension Scheme.

THE REPORT

The Local Government and Housing Act 1989 and Local Authority (Members Allowances) (England) Regulations 2003 enables councillors to be given access to the Local Government Pension Scheme. Councillors who are members of the Scheme can receive retirement and death benefits in return for a contribution equivalent to 6% of their basic and special responsibility allowance. An employer contribution of almost 12% is paid by the Council.

Councillors are eligible for their allowances to be pensionable if the Independent Remuneration Panel made a recommendation to that effect and the Council adopted the recommendation. Where the scheme is adopted local members can opt into the Scheme provided they are no more than 75 years old.

As part of wider public service pension reform, the Government has been considering whether councillors and other directly elected local office holders – such as Directly Elected Mayors and London Assembly Members – should continue to have access to what they highlight is a “taxpayer funded scheme” that was designed for employees.

The Government’s initial view was that, whilst councillors are volunteers, members allowances were slowly being seen as a form of salary, a situation which has been exacerbated by the provision of state funded pensions. This, they believe, may have a negative impact on local democracy and call into question the independence of councillors to represent their communities, as it may blur the line between them and paid members of staff.

ISSUES/OPTIONS FOR CONSIDERATION

The Government does not believe that councillors and other local office holders should have access to a taxpayer funded pension scheme. Its preferred option is to end access to the Scheme from April 2014. Those already in the Scheme would have their accrued rights up to April 2014 fully protected.

However, the Government is aware that there are other opinions on this matter and has undertaken to consult on three options whereby councillors and other elected office holders may or may not have access to the new Scheme from April 2014. It is worth noting that the proposals do not affect Police and Crime Commissioners who, because of the short time they have been in office, will still be able to access the Pension Scheme for the foreseeable future.

The three options are:

- Option 1 - Exclude councillors and other elected office holders to the new Local Government Pension Scheme from April 2014. This is the Government’s preferred option.
- Option 2 - A two-tier arrangement with continued access for certain front-bench councillors which could include leaders or encompass everyone with a special responsibility allowance. The Government is seeking views on which councillors and elected office holders should be eligible if this option was pursued.
- Option 3 - No change. Access would remain as present.

As part of the consultation, the Government is requesting views on people’s preferred option and whether they have any alternative proposals. The Government will also consider evidence of whether withdrawal of continued access would be likely to cause hardship in individual cases and whether anything should be done to mitigate this.

Finally, the consultation considers the issue of contribution rate. At present, all councillors who are members of the Scheme pay a flat rate of 6% regardless of their level of allowances.

If access post-April 2014 is to continue at that rate some councillors' contribution rates would, in the Government's view, be out of kilter with the rest of the Scheme, placing too high a burden on taxpayers. It is proposed therefore that, from April 2014, any councillors who remain members of the Scheme be placed on a tiered tariff based on the allowances they receive.

The floor limit of 6% would be available to members whose allowances were no more than £21,000. Beyond that, a series of different rates would apply dependent upon the member's allowance. If a member's allowance was inside the £21,000 - £34,000 bracket they would contribute 6.5%.

The Government is seeking views on the proposed contribution rate should councillors continue to have access to the Pension Scheme and, in particular, what rate it should be.

Views are requested on the consultation by 5 July 2013. The Deputy Leader has organised a session following Council on 12 June to give the nine Bolsover councillors who are members of the Pension Scheme an opportunity to discuss the proposals in more detail and put across their views. A response will be drafted on the basis of this meeting and taken to Cabinet on 18 June before being finalised.

These proposals will not prevent councillors and other elected office holders contributing to a personal pension or to put aside a portion of their taxable allowances or salary and receive income tax relief should they wish to do so.

IMPLICATIONS

Financial – Nine of the Council's 37 members are part of the Local Government Pension Scheme. The saving to the Council should the Government's proposals to close off access be introduced would be one of £12,000. If the scheme is to be retained and an increased number of members chose to participate then clearly these costs would increase.

Legal - As set out in this report.

Human Resources – None

RECOMMENDATIONS

That the Executive:

- (1) Provide their initial views on the *Taxpayer-funded pensions for councillors* consultation.

- (2) Delegate power to the Chief Executive to finalise a response to the consultation, following consultation with the members in the Pension Scheme and Cabinet.

REASONS FOR RECOMMENDATIONS

To enable the Council to respond to the consultation.

Background papers: None, other than the already published consultation paper - *Taxpayer-funded pensions for councillors and other elected local office holders – a consultation*.

Link to consultation document –
<https://www.gov.uk/government/consultations/taxpayer-funded-pensions-for-councillors-and-other-elected-local-office-holders>

File References: N/A