

<b>DECISION-MAKER:</b>	<b>GOVERNANCE COMMITTEE</b>		
<b>SUBJECT:</b>	TAXPAYER-FUNDED PENSIONS FOR COUNCILLORS AND OTHER ELECTED LOCAL OFFICE HOLDERS		
<b>DATE OF DECISION:</b>	30 <sup>TH</sup> APRIL 2013		
<b>REPORT OF:</b>	HEAD OF LEGAL, HR AND DEMOCRATIC SERVICES		
<b><u>CONTACT DETAILS</u></b>			
<b>AUTHOR:</b>	<b>Name:</b>	<b>Richard Ivory</b>	<b>Tel: 023 80 932308</b>
	<b>E-mail:</b>	<b>richard.ivory@southampton.gov.uk</b>	
<b>Director</b>	<b>Name:</b>	<b>Mark Heath</b>	<b>Tel: 023 80 832713</b>
	<b>E-mail:</b>	<b>mark.heath@southampton.gov.uk</b>	

<b>STATEMENT OF CONFIDENTIALITY</b>
N/A

### **BRIEF SUMMARY**

As part of a wider reform of the Local Government Pension Scheme, the Local Government Minister, Brandon Lewis, made a written Ministerial Statement to Parliament, setting out Government proposals to remove access by Councillors to the tax-funded Local Government Pension Scheme in England from April 2014 and made the commitment to consult on these proposals.

### **RECOMMENDATIONS:**

- (i) to discuss the questions raised by the Government and comment on the consultation proposals; and
- (ii) to delegate authority for sending a response on behalf of the Council to the Head of Legal, HR and Democratic Services after consultation with the Chair of the Governance Committee

### **REASONS FOR REPORT RECOMMENDATIONS**

1. In order to respond the Government consultation.

### **ALTERNATIVE OPTIONS CONSIDERED AND REJECTED**

2. N/A

### **DETAIL (Including consultation carried out)**

3. The Government consultation seeks responses from interested parties, including local taxpayers, councillors and other elected local office holders and their representative bodies, on access by councillors and other elected local office holders to the taxpayer-funded Local Government Pension Scheme to come into force in April 2014. It also covers the contribution rates that should apply to any such persons who remain active members of the Scheme.

4. The consultation is part of the planned process of wider reform of the Local Government Pension Scheme that began with the commitment given in the Coalition government's programme to review the long term affordability and sustainability of public service pension schemes
5. The Government does not, as a matter of principle, believe that councillors and other local elected office holders should have access to a taxpayer-funded pension scheme designed for employees. However, the Government is aware that there are other opinions on this matter and that some support full-time 'professionalisation' of councillors.
6. Taking these and the other points into consideration, the Government has identified three options for consultation whereby councillors and local elected office holders may, or may not, access the new Scheme from 2014. Police and crime commissioners would remain eligible for Scheme membership under each option.
7. **Option 1:** No access to the new Local Government Pension Scheme from April 2014 through being directly elected to local office. Thus, councillors; elected mayors; the Mayor of London and members of the London Assembly would be excluded from active Scheme membership – **this is the government's preferred position;**
8. **Option 2:** Two-tier membership - continued access for 'front bench' councillors only. This option could include just elected mayors (including the Mayor of London) and elected leaders or could encompass all those with a special responsibility allowance (including members of the London Assembly) – the Government would welcome views on which councillors and elected local office holders should be eligible if this option were to be pursued;
9. **Option 3:** No change. Access to the taxpayer-funded Local Government Pension Scheme remains for all councillors and elected local office holders on the same basis as at present.
10. The Government is therefore asking for a response to three main questions as part of its consultation exercise, These are:  
**Question 1: Taking account of the issues raised in this consultation document and any other considerations, what option do you prefer and why?**  
**Question 2: Do you have any alternative proposals on councillors and other elected office holders access to the Scheme?**  
**Question 3: If councillors continue to have access, do you agree with the proposed change in contribution rate? If not, what contribution rate would you recommend?**
11. In view of the consultation deadline of 5<sup>th</sup> July it has not been possible for Officers to prepare a response for consideration by the Committee as this is the only Governance Committee meeting before the end of the consultation period.

12. A copy of the fully consultation document is however available at appendix 1  
Members are therefore, requested to discuss the questions raised by the Government and comment on the consultation proposals and delegate a response to the Head of Legal, HR and Democratic Services

## **RESOURCE IMPLICATIONS**

### **Capital/Revenue**

13. At this stage there is no budget impact. If the proposals become law there will be a reduction in the budget needed which will be quantified at the appropriate time.

### **Property/Other**

14. N/A

## **LEGAL IMPLICATIONS**

### **Statutory power to undertake proposals in the report:**

15. N/A

### **Other Legal Implications:**

16. N/A

## **POLICY FRAMEWORK IMPLICATIONS**

17. N/A

**KEY DECISION?** No

<b>WARDS/COMMUNITIES AFFECTED:</b>	N/A
------------------------------------	-----

## SUPPORTING DOCUMENTATION

### Appendices

1.	Taxpayer-funded pensions for councillors and other elected local office holders – DCLG consultation document April 2013
----	---

### Documents In Members' Rooms

1.	None
----	------

### Equality Impact Assessment

Do the implications/subject of the report require an Equality Impact Assessment (EIA) to be carried out.	No
--	----

### Other Background Documents

#### Equality Impact Assessment and Other Background documents available for inspection at:

Title of Background Paper(s)

Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)

1.	None	
----	------	--

Report Tracking

VERSION NUMBER:

DATE LAST AMENDED:

AMENDED BY:

**FOR DEMOCRATIC SERVICES USE ONLY:**

DATE AND TIME REPORT RECEIVED:

Date

Time:

CLEARANCE:

[TYPE YES or NO]

Name: