

EXETER CITY COUNCIL

**EXECUTIVE
18 JUNE 2013**

GOVERNMENT CONSULTATION PAPER: COUNCILLORS' PENSIONS

1 PURPOSE OF THE REPORT

- 1.1 To agree a response to the Department for Communities and Local Government's Consultation Paper on pensions for Councillors and other elected local office holders.

2 CONSULTATION PAPER

- 2.1 The Department for Communities and Local Government is seeking the views of interested parties, including Councillors, on access by Councillors and other elected local office holders to the Local Government Pension Scheme (LGPS) to come into force in April 2014. Responses to the attached Consultation Paper are invited by 5 July 2013.
- 2.2 The Government states that the consultation is part of the planned process of wider reform of the LGPS that began with the commitment given in the Coalition government's programme to review the long term affordability and sustainability of taxpayer-funded pension schemes. It follows the announcement of the Government's intention to limit access by Councillors to the scheme, by the Local Government Minister in a Written Ministerial Statement in December 2012.

3. COUNCIL POLICY

- 3.1 Exeter City Council at its meeting on 24 February 2009 resolved to permit all Councillors to join the Local Government Pension Scheme, should they wish to do so. Benefits would be based on both Basic and Special Responsibility Allowances and the decision of individual Councillors on whether or not to join the pension scheme would be entirely voluntary. The Independent Remuneration Panel on Councillors' Allowances, comprising representatives of the business and voluntary sectors, had recommended the Council over a number of years to permit Councillors to join the LGPS. Executive on 10 February 2009 supported the Panel's recommendation and had recommended to Council accordingly.
- 3.2 Whilst fully endorsing the views expressed by a number of Councillors that remuneration should not be the primary motivational factor, Executive supported the creation of a package of measures that might encourage people from across a broad spectrum of the community to consider standing for Council and remove potential barriers. Executive considered that a pension facility would be of particular assistance to Councillors who, for a variety of reasons, were disadvantaged by not having the opportunity to build up contributions in other pension schemes. This included those Councillors whose potential earnings may be restricted by their Council commitments through loss of earnings or career prospects. Executive was also aware of the difficulty experienced in attracting candidates who would maintain the high calibre of existing Councillors, which it felt the community had the right to expect, and hoped this measure would ultimately further enhance the diversity and quality of Councillors.

4 RESOURCE IMPLICATIONS

- 4.1 Eight Exeter City Councillors currently belong to the LGPS. The cost to the Council in 2012/13 was £13,071 based on the Council's contribution rate of 20.5%. Currently all Councillors who are members of the scheme pay a flat rate contribution of 6%.

5 GOVERNMENT PROPOSALS

- 5.1 The Consultation Paper sets out the Government's perceived case for change and presents three specific options for consideration which are set out in full in the attached paper. Option 1, the Government's preferred option, proposes the exclusion of Councillors and other elected local office holders from membership of the scheme. Option 2 proposes a two-tier membership whereby only certain office holders would be eligible to join the scheme. Option 3 proposes no change to the current arrangements allowing access to remain for all Councillors and elected local office holders on the same basis as at present.

- 5.2 The Government also poses the following three questions:-

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?

6. RECOMMENDATION

- 6.1 Executive is recommended to:-

- (1) confirm its preference for Option 3: No change to the current arrangements, in accordance with the Council's policy and for the reasons set out in paragraph 3.2 of the report;
- (2) confirm the view that there should be no change in the Councillors' contribution rate which should remain at the current flat rate of 6%; and
- (3) request that a response to the consultation paper on access by Councillors and other elected local office holders to the Local Government Pension Scheme (LGPS) be sent to the Department for Communities and Local Government as set out in recommendations (1) and (2) above.

**ROWENA WHITER
MEMBER SERVICES MANAGER**

OFFICE OF CORPORATE MANAGER DEMOCRATIC AND CIVIC SUPPORT

**Local Government (Access to Information) Act 1985 (as amended)
Background papers used in compiling this report:**

None