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**PENSIONS FOR COUNCILLORS**

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**Responsible Cabinet Member(s) – Councillor John Williams, Leader of the Council  
Responsible Director(s) – Paul Wildsmith, Director of Corporate Services**

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**Purpose of Report**

1. To consider amending the Statement of Policy for the Council in respect of the Local Government Pension Scheme relating to Members of the Council.

**Background Information**

2. The Independent Panel appointed by the Council to review the Council's Members' Allowances Scheme recommended to the Council in October 2003 that all Members be given access to the Local Government Pension Scheme. This recommendation was approved by Council and all Members were given the option to join the Scheme. Since that date ten Members have opted to join the scheme.

**Pension Scheme**

3. The Council currently has a Statement of Policy in relation to its employees within the Local Government Pension Scheme (approved by Resources Sub Committee in June 1998) and it is appropriate that the Council sets out its policy in relation to employees within the Scheme.
4. In relation to Council employees, the Council may within the limits of the scheme agree to requests for early retirement or enhancement to pensions. The Council would normally seek to balance the costs to the Council of granting such a request, which allows the employee early access to their pension, plus possible enhancement, against savings achievable through redundancy or other action, such as restructuring.
5. In the case of Councillor Members, the Local Government Pension Scheme Regulations do not allow the option of retirement on the grounds of redundancy or efficiency, as Councillor's posts are not open to the same restructuring opportunities as those of local government workers.

**Early Retirement**

6. The normal retirement age for a Councillor within the Local Government Pension Scheme for Members is 70. A Councillor may, however, retire at 65 with a reduced pension provided they have a minimum of three months total membership without Council approval.
7. The Council also has discretion to enable Members within the Scheme to benefit from the early retirement provisions from the age of 50 onwards. The early release of a pension for a

Councillor (between the age of 50 and 65) could have a financial impact on the Council.

8. Should a Member of the Council within the Scheme be de-selected, not re-elected or disqualified from the Council they would be deemed to be “retired” and the financial impact on the Council in relation to the early payment of those Members’ pensions (should that Member be over 50 years and under 65 years) could be considerable. Therefore it is recommended that retirement between 50 and 65 is only allowed if there is a nil cost to the Council.

### **Enhancement to Pensions**

9. The Council also has the discretion to pay enhancements to pensions to Members should a request be received. A request by a Member for enhancements when would have a financial impact on the Council and it is recommended that the Council’s policy should be to refuse such requests.

### **Outcome of Consultation**

10. Officers have contacted Durham County Council (the Council’s pension provider) and the Chair of the Members Independent Remuneration Panel regarding amendments to policy statements in relation to Members’ pensions. From information received, it is up to each individual Council to set their own policy in relation to Members’ pensions.

### **Legal Implications**

11. This report has been considered by the Borough Solicitor for legal implications in accordance with the Council's approved procedures. There are no issues which the Borough Solicitor considers need to be brought to the specific attention of Members, other than those highlighted in the report.

### **Section 17 of the Crime and Disorder Act 1998**

12. The contents of this report have been considered in the context of the requirements placed on the Council by Section 17 of the Crime and Disorder Act 1998, namely, the duty on the Council to exercise its functions with due regard to the likely effect of the exercise of those functions on, and the need to do all that it reasonably can to prevent, crime and disorder in its area. It is not considered that the contents of this report have any such effect.

### **Council Policy Framework**

13. The issue contained within this report is required to be considered by Council.

### **Recommendation**

14. Council are requested to approve the following in relation to Councillors’ pensions and amend its Local Government Pension Scheme Statement of Policy accordingly: -
  - (a) That the Council will only exercise its discretion to grant the early payment of pensions in relation to early retirement of a Member of the Council (between the age of 50 and 65 years), where there is no cost to the Council.

- (b) That a policy of no Members enhancements to pensions, be agreed.

### **Reasons**

15. The recommendations are supported by the following reasons :-

- (a) To ensure the Council has a policy for Members' pensions.
- (b) To include the Council's policy in relation to Member pensions in the Council's Statement of Policy under the Local Government Pension Scheme.
- (c) To ensure that the Council's policy is clear and transparent to Members and the public.
- (d) To agree to a Policy which is fair and equitable to Members and minimises the financial impact on the Council.

**Paul Wildsmith**  
**Director of Corporate Services**

### **Background Papers**

- (i) Telephone conversations and emails to Durham County Council's Head of Pensions.
- (ii) Emails to the chair of the Council's Independent Remuneration Panel for Members' allowances.

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