



BROMLEY CIVIC CENTRE, STOCKWELL CLOSE, BROMLEY BRI 3UH

TELEPHONE: 020 8464 3333

CONTACT: Graham Walton  
[graham.walton@bromley.gov.uk](mailto:graham.walton@bromley.gov.uk)

DIRECT LINE: 020 8461 7743

FAX: 020 8290 0608

DATE: 11 July 2014

## COUNCIL

**Meeting to be held on Monday 21 July 2014**

### Supplementary Agenda

- 14a LOCAL GOVERNMENT PENSION SCHEME FOR COUNCILLORS**  
(Pages 3 - 10)

*Copies of the documents referred to above can be obtained from*  
[www.bromley.gov.uk/meetings](http://www.bromley.gov.uk/meetings)

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Report No.  
CSD14113

London Borough of Bromley

PART 1 - PUBLIC

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**Decision Maker:** Council

**Date:** 21<sup>st</sup> July 2014

**Decision Type:** Non-Urgent Non-Executive Non-Key

**Title:** LOCAL GOVERNMENT PENSION SCHEME FOR COUNCILLORS

**Contact Officer:** Graham Walton, Democratic Services Manager  
Tel: 020 8402 8101 E-mail: graham.walton@bromley.gov.uk

**Chief Officer:** Mark Bowen, Director of Corporate Services

**Ward:** All

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1. Reason for report

- 1.1 At its meeting on 10<sup>th</sup> June 2014 General Purposes and Licensing Committee considered a report updating them on the Government's decision to withdraw access to the Local Government Pension Scheme (LGPS) for Councillors and setting out the discretionary functions for which a formal policy was required to be made. The discretionary policies set out a right of appeal to a Members Appeal Panel, such delegation requiring the approval of full Council.
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2. **RECOMMENDATIONS**

- (1) That the Government's decision to withdraw access to the Local Government Pension Scheme for Councillors and the proposed discretionary policies with regard to Councillor pensions agreed by General Purposes and Licensing Committee on 10<sup>th</sup> June 2014 be noted.
- (2) That Council agrees that in the event that a Councillor is not satisfied with a decision of the Chief Officer's Early Retirement Panel there will be a right of appeal to a Members Appeal Panel consisting of three Members who are not Members of the same Committee(s) as the Councillor.

### Corporate Policy

1. Policy Status: Existing policy. Under the provisions of the Local Government Pension Scheme (LGPS) Regulations, Councils are required to agree a formal policy for the exercise of certain discretionary functions.
  2. BBB Priority: Excellent Council.
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### Financial

1. Cost of proposal: No cost
  2. Ongoing costs: N/A.
  3. Budget head/performance centre: Pension fund
  4. Total current budget for this head: £35.5m expenditure (pensions, lump sums etc.), £39.5m income (contributions, investment income etc), £6266.1m total fund market value as at 31<sup>st</sup> March 2014.
  5. Source of funding: Contributions to the Pensions Fund
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### Staff

1. Number of staff (current and additional): N/A
  2. If from existing staff resources, number of staff hours: N/A
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### Legal

1. Legal Requirement: Statutory requirement. Local Government Pension Scheme Regulations
  2. Call-in: Call-in is not applicable. Full Council decisions are not subject to call-in
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### Customer Impact

1. Estimated number of users/beneficiaries (current and projected): There are currently 37 deferred pensioner Members in the Scheme.
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### Ward Councillor Views

1. Have Ward Councillors been asked for comments? N/A.
2. Summary of Ward Councillors comments: N/A

### 3. COMMENTARY

- 3.1 The Government has withdrawn Members' access to the LGPS and membership for Councillors ceased on 26<sup>th</sup> May 2014 . General Purposes and Licensing Committee at its meeting on 10<sup>th</sup> June 2014 approved discretionary policies to be applied with regard to the early payment of benefits. The report considered by the Committee is attached. The new policies include a provision for Councillors to appeal where they are not satisfied with the decision of a Chief Officer Early Retirement Panel. The Committee agreed to recommend that Council agree the delegation to consider such appeals to a Member Appeals Panel consisting of three Members who are not Members of the same Committee(s) as the Councillor

<b>Non-Applicable Sections:</b>	Personnel/Policy/Finance/Legal
Background Documents: (Access via Contact Officer)	See attached report

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PART 1 - PUBLIC

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**Decision Maker:**      **General Purposes & Licensing Committee**

**Date:**                      **10<sup>th</sup> June 2014**

**Decision Type:**      Non-Urgent                      Non-Executive                      Non-Key

**Title:**                      **LOCAL GOVERNMENT PENSION SCHEME FOR COUNCILLORS**

**Contact Officer:**      Tracey Pearson, Chief Accountant  
Tel: 020 8313 4323      E-mail: tracey.pearson@bromley.gov.uk  
Sue Sydney, Assistant Director, Human Resources  
Tel: 020 8313 4359      E-mail: sue.sydney@bromley.gov.uk

**Chief Officer:**              Director of Finance  
Director of Human Resources

**Ward:**                      Borough Wide

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1.      Reason for report

1.1      This report updates Members on the Government's decision with withdraw access to the Local Government Pension Scheme (LGPS) for Councillors and sets out the discretionary functions for which a formal policy is required to be made.

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2.      **RECOMMENDATIONS**

**The General Purposes and Licensing Committee is requested to:**

2.1.      **Note the Government's decision to withdraw access to the LGPS for Councillors;**

2.2      **Agree to the proposed discretionary policies with regard to Councillor pensions as set out in paras. 3.6 to 3.8 including recommending the delegations in 3.8 to Council.**

### Corporate Policy

1. Policy Status: Existing policy. Under the provisions of the Local Government Pension Scheme (LGPS) Regulations, Councils are required to agree a formal policy for the exercise of certain discretionary functions.
  2. BBB Priority: Excellent Council.
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### Financial

1. Cost of proposal: No cost
  2. Ongoing costs: N/A.
  3. Budget head/performance centre: Pension Fund
  4. Total current budget for this head: £35.5m expenditure (pensions, lump sums, etc.), £39.5m income (contributions, investment income, etc.), £626.1m total fund market value at 31<sup>st</sup> March 2014
  5. Source of funding: Contributions to Pension Fund
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### Staff

1. Number of staff (current and additional): n/a
  2. If from existing staff resources, number of staff hours: n/a
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### Legal

1. Legal Requirement: Statutory requirement. Local Government Pension Scheme Regulations
  2. Call-in: Call-in is not applicable.
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### Customer Impact

1. Estimated number of users/beneficiaries (current and projected): There are currently 37 deferred pensioner Members in the Scheme.
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### Ward Councillor Views

1. Have Ward Councillors been asked for comments? N/A.
2. Summary of Ward Councillors comments: Council wide



### 3. COMMENTARY

- 3.1 In a written ministerial statement issued on 19<sup>th</sup> December 2012, the Government announced its intention to remove access to the Local Government Pension Scheme (LGPS) for Councillors in England. On 10<sup>th</sup> March 2014, following a period of statutory consultation between April and July 2013, Regulations were laid to withdraw access to the LGPS for new Councillors from 1<sup>st</sup> April 2014 and for existing Councillors from the end of their current term of office.
- 3.2 As a result of the Government's decision, membership for Councillors ceased on 26<sup>th</sup> May 2014 and they became entitled to deferred benefits. The following options are available to Councillors with regard to when the deferred benefits can be paid:
- at age 65;
  - between age 65 and 75 (should a Councillor elect to defer payment beyond age 65 the amount of pension payable will be actuarially increased);
  - on or after age 60 and before age 65 without the Council's consent;
  - on or after age 50 and before age 60 with the Council's consent (benefits paid between age 50 and age 55 are usually subject to an additional tax charge);
  - on permanent ill health;
  - on death where a survivor benefit is payable.
- 3.3 Councillors also have the option, if under the age of 64 and providing benefits have not yet come into payment, to transfer the value of their LGPS pension rights to another occupational pension scheme, personal pension plan, stakeholder pension scheme or a buy-out insurance policy. Councillors are recommended to obtain independent financial advice if considering this option. A transfer value quotation can be provided by Liberata pensions on request.
- 3.4 In April 2014, Liberata pensions wrote to all Councillors advising of these changes and, over coming weeks, will be writing again to provide Councillors with their accrued pension benefits and the options available to them.
- 3.5 Where benefits are taken before the age of 65, either with or without the Council's consent, benefits will be actuarially reduced to reflect early payment but the Council has discretion to waive the reduction, in whole or in part, on compassionate grounds. The Council is required to agree a formal policy for the application of this discretion.
- 3.6 To provide consistency with the Council's current policies relating to employees, it is recommended that any application for the early payment of benefits requiring the Council's consent (ie. between ages 50 and 60) be considered by a Chief Officer's Early Retirement Panel. The Panel consists of four Chief Officers, including the Director of Finance and Director of Human Resources.
- 3.7 In considering applications for the early payment of benefits the Panel may exercise discretion to waive any actuarial reduction in individual cases having regard to the health of the Councillor, any financial or emotional hardship they may be suffering and the contribution the Councillor has made to public service.
- 3.8 In the event that a Councillor is not satisfied with the decision of the Panel, it is recommended there be a right of appeal to a Members Appeals Panel consisting of three Members who are not Members of the same Committee(s) as the Councillor.

3.9 Members are requested to consider and agree the policy to be applied with regard to the early payment of benefits as set out paras. in 3.6 to 3.8 above.

#### 4. POLICY IMPLICATIONS

4.1 Under the provisions of the Local Government Pension Scheme (LGPS) Regulations, Councils are required to agree a formal policy for the exercise of certain discretionary functions.

#### 5. FINANCIAL IMPLICATIONS

5.1 The decision to withdraw access to the LGPS for Councillors will result in savings of £68k in 2014/15 and £80k from 2015/16 arising from the fallout of employer contributions.

#### 6. LEGAL IMPLICATIONS

6.1 The Public Service Pensions Act 2013 provides primary legislation for all public service schemes including the LGPS 2014.

6.2 The LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014 were published on 10<sup>th</sup> March 2014. Regulation 26 reflects the Government's decision that Councillors and other elected office-holders in England shall no longer have access to the LGPS.

<b>Non-Applicable Sections:</b>	Personnel
Background Documents: (Access via Contact Officer)	Public Service Pensions Act 2013; Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014.