
REPORT TO:	FINANCE AND MANAGEMENT COMMITTEE	AGENDA ITEM: 15
DATE OF MEETING:	23rd JUNE 2011	CATEGORY: RECOMMENDED
REPORT FROM:	CHIEF EXECUTIVE OFFICER	OPEN
MEMBERS' CONTACT POINT:	CHIEF FINANCE OFFICER KEVIN STACKHOUSE (01283 595811) kevin.stackhouse@south-derbys.gov.uk	DOC: u/ks/members allowances/pensions affordability
SUBJECT:	Members' Eligibility to Join the Local Government Pension Scheme	REF:
WARD(S) AFFECTED:	ALL	TERMS OF REFERENCE: FM 08

1.0 Recommendations

- 1.1 That the option of offering membership of the Local Government Pension Scheme to Members based on the financial analysis is considered and a recommendation made to Full Council on 7th July 2011.

2.0 Purpose of Report

- 2.1 To consider the affordability of Members joining the Local Government Pension Scheme (LGPS). This is in accordance with the decision of Full Council on 14th April 2011.

3.0 Detail

Background

- 3.1 Members have the right to join the LGPS if they so wish, subject to Council approval. The Council has previously decided not to accept recommendations of the Independent Remuneration Panel (IRP) on this point.
- 3.2 The latest report of the IRP on Members Allowances, which was reported to the Council in April, highlighted the importance of the right to join to widen the access to public service. However, it also highlighted that the current economic context may not lend itself to such a recommendation.
- 3.3 The IRP stated that it continues to support the principle that all Members should be eligible to join the LGPS, to include both their Basic and Special Responsibility Allowances. This then leaves the Council to decide on issues of affordability and suitability.

Consultation with Members

- 3.4 To gauge possible take-up, every current Council Member was contacted and asked to indicate whether they may be interested in joining the LGPS. Some guidance and reference to further information was made available.
- 3.5 From the responses received, there was some indication from several Members that they would or may be interested in joining the LGPS.

4.0 Financial Implications

- 4.1 The cost of Members joining would be shared in an approximate proportion of 1/3rd Members and 2/3rds the Council. If all Members joined the scheme, the estimated cost to the Council would be approximately **£69,000 per year**.
- 4.2 This is based on the budget for 2011/12 of £315,000 for eligible allowances (basic plus special responsibility) subject to Pension. The Members contribution rate would be 6%, but the cost to the Council would be over 3 times this amount based on current contribution rates, as follows:
- £315,000 * 6% * 3.66 = £69,174 (£1,865 per member per year).
- 4.3 The revised allowances approved by the Council in April following the review of the IRP, will save approximately £20,000 per year on the current budgeted cost. If this was re-directed to cover the costs of Pensions, it would cover the cost of just over 25% of Members joining, i.e.10 Members.
- 4.4 Clearly though, once the principle is approved, then the cost would need to be met in full for however many Members joined in the future. Currently, there is no budgetary provision.

5.0 Corporate Implications

- 5.1 No direct legal, employment or other resource implications.

6.0 Community Implications

- 6.1 As previously highlighted, the latest report of the IRP on Members Allowances indicated the importance of the right to join the LGPS to widen the access to public service.

7.0 Background Papers

- 7.1 Local Government Pension Scheme for Councillors at:

http://www.derbyshire.gov.uk/working_for_us/pensions/scheme_members/councillors/default.asp