



## Belfast City Council

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| Report to:         | <b>Strategic Policy and Resources Committee</b>                                             |
| Date:              | <b>Friday, 24th April, 2009</b>                                                             |
| Subject:           | <b>Department of the Environment Consultation on Severance Arrangements for Councillors</b> |
| Reporting Officer: | <b>Mr. Liam Steele,<br/>Head of Committee and Members' Services (extension 6325)</b>        |
| Contact Officer:   | <b>Mrs. Julie Lilley, Members' Liaison Officer (extension 6321)</b>                         |

### **Purpose of Report**

To submit for the consideration of the Committee a report regarding the consultation document which has been issued by the Department of the Environment entitled 'Severance Arrangements for Councillors'.

### **Summary of the Consultation Document**

Under the Review of Public Administration, the Executive has proposed severance arrangements as a way of recognising the contribution which long serving Councillors who choose to stand down have made to their local area and to Northern Ireland as a whole. It is also one of the preliminary steps for the reorganisation of Local Government in 2011.

The consultation document puts forward a number of options for possible severance arrangements, including the calculation of the amount of money which could be paid to an individual Councillor, the timing of any scheme and how the associated costs should be met.

#### Calculation of Award

The Department has set out two options for how severance might be calculated. These are:

- a set amount for each year of service as a Councillor

severance could be calculated at a set amount per year, with a possible maximum period of qualifying service. The examples given are £1,000 per year up to a maximum qualifying period of either 36 years (setting a cap of £36,000) or up to a maximum period of 25 years (£25,000) or a maximum period of 20 years (£20,000).

- level of award grouped by a number of bands according to length of service

the level of the award could be determined under a banding system. The example given is Councillors who have served between eight and 10 years would receive £10,000, Councillors who have served more than 10 years but under 15 years would be awarded £15,000 and Councillors who have spent more than 15 years in Local Government would receive £20,000.

#### Meeting the Costs of the Awards

Again two options are suggested by the Department for meeting the costs involved. The first option is that, given that the reorganisation of Local Government is a Central Government initiative, the cost should be met by Central Government. The second option is that Local Government should meet the costs as severance payments are essentially recognition of long service by locally-elected representatives.

#### Timing of the Scheme

The Department has identified three possible options for the introduction of the scheme. These are:

- in January 2010
- in January 2011 prior to the Local Government Elections
- at the end of the current Local Government term in 2011.

#### Eligibility

The consultation document proposes that MLAs, MPs, MEPs and Members of the House of Lords be not eligible for severance. This has been the approach adopted by the Welsh and Scottish devolved administrations.

The consultation document also asks whether:

- next of kin should receive severance if a Councillor who has applied for payment under the scheme dies before the award is paid; and
- Councillors who receive severance but return to Local Government at a future date should be required to repay in full the amount paid.

#### **Previous Response**

As Members are aware, the issue of severance arrangements for Councillors has been highlighted on numerous occasions by the Council, most recently in September 2006 following the publication of a report compiled by the Councillors' Remuneration Working Group. That Group had been tasked with making recommendations to the then Minister with responsibility for the Department of the Environment regarding the future remuneration of Councillors in Northern Ireland.

In relation to severance payments specifically the report suggested that:

- only Councillors who have served more than one term should be eligible for severance;
- should a Councillor apply for severance and subsequently put his/her name forward as a candidate for the following Local Government elections the application for severance would be invalidated;

- if an individual received a severance payment and was subsequently elected as a Councillor, he/she should be required to repay the full sum before taking up office;
- there should be a provision to allow the severance to be paid to the Councillors' next of kin in the event that he/she died between applying for the scheme and payment being made; and
- Councillors who are also members of the Northern Ireland Assembly, the UK Parliament or the European Parliament would not be eligible for severance.

The Council welcomed the recommendations made by the Group with regard to severance payments. However, during evidence sessions arranged by the Working Group the Council had in its representation argued that any severance scheme should be on-going rather than a one-off as had been the case in other jurisdictions in the United Kingdom and the Republic of Ireland.

## **Key Issues**

### Calculation of Award

It is accepted that a severance scheme for Members is primarily to recognise the contribution to public life which Councillors have made through the dedication and commitment they have shown to their constituents and Local Government. That being the case it is appropriate that the maximum qualifying period of service should be set at 36 years. Capping the severance at a lower number of years would in fact mean that those Councillors with the longest service would receive a lower payment per year than other Members, in essence disadvantaging financially those very Members which the scheme sets out to recognise. The overall cost of applying a maximum qualifying period of 36 years, given the relatively few Members who will have this length of service, is negligible. However, for a Member who has completed nine Council terms, it would mean the difference between receiving £1,000 per year of service as opposed to the significantly lower amount of £555 per year if the maximum qualifying period were restricted to 20 years. This would clearly be inequitable and would work against the principle of the Scheme.

### Eligibility

It may be that it would be more appropriate for the minimum term to be served by a Member before he/she would become eligible for severance should be set at a minimum of at least two Council terms, since this would be more acceptable to the general public in terms of the definition of long service.

### Meeting the costs of the Scheme

The cost should be met by Central Government. In both Scotland and Wales the costs of the schemes there were borne by the devolved administrations. Given that the review of Public Administration and the reorganisation of Local Government is an initiative which is being undertaken by the Northern Ireland Assembly, it would seem reasonable that the costs associated with the introduction of a severance scheme as part of the overall reorganisation should be met by Central Government.

Should Councils be required to finance the costs of introducing a severance scheme, applying eligibility criteria of a minimum service of two terms and a maximum amount of £36,000, the potential maximum cost to Belfast City Council would be £265,000. In the

current climate where Councils are striving, in an exceptionally difficult economic downturn, to manage finances in order to ensure value for money for the ratepayer it is difficult to see how they could bear the costs of a severance scheme without it resulting in costs being passed on to citizens.

#### Timing of the Scheme

It is considered that the scheme should be implemented from January 2010, but with appropriate legislation being enacted to prevent by-elections having to be held to fill vacancies which may arise as a result of Members opting to take severance. Implementing the scheme from January 2010 would also help ensure that new Councillors would gain valuable experience of Local Government in preparation for Councils' assuming additional powers in 2011. In addition, this lead-in time would allow capacity-building issues for new Members to be addressed in a structured and comprehensive manner, thereby helping to ensure a smooth and efficient transition to the new Local Government structures. A phased approach will help reduce the impact of losing experienced Councillors and an introduction of the Scheme to apply during the period from January 2010 until the date of the Local Government elections in May 2011 would be essential.

The second option, to introduce the scheme in January 2011, could potentially result in some Councils trying to conduct their business with a significantly reduced number of Members during the last months of the Council term. This scenario could also be potentially very disruptive to the efficient running of Councils as well as being highly disruptive in Belfast to the operation of proportionality arrangements.

The third option, of implementing the scheme at the end of the Local Government term in 2011, is the least favourable in that in the crucial period leading up to the full implementation of the Review of Public Administration it may result in Councils being faced with working through a complex transition process with retiring Members who may have a peripheral interest only in the restructuring of Local Government and the additional powers which Councils will assume.

#### **Recommendations**

It is recommended that the Committee agrees to:

1. a set amount of £1,000 per year being payable up to a maximum of 36 years
2. eligibility for severance being restricted to Members who have served a minimum of two Council terms
3. Central Government being responsible for meeting the costs associated with the introduction of a severance scheme
4. introducing the scheme to apply during the period from January, 2010 until the date of the Local Government elections in May, 2011, providing that the necessary legislation on co-option is implemented
5. the exclusion of MLAs, MPs, Members of the House of Lords and MEPs from the severance scheme
6. the next of kin of a Member being entitled to severance in the event that a Councillor dies after applying for severance but before the payment has been made

7. a recipient of severance having to repay it in full in the event that they return subsequently to serve in Local Government
8. approve the attached response to the consultation document (Appendix 1) and its submission to the Department of the Environment.

**Decision Tracking**

Following approval at Council in May the Head of Committee and Members' Services will submit the Council's response to the Department of the Environment.

**Attachments**

Appendix 1 – Belfast City Council's Draft Response to the Department of the Environment Consultation Document on Severance Arrangements for Councillors

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