



Belfast City Council

Report to	Strategic Policy and Resources Committee
Subject:	Severance Arrangements for Councillors
Date:	19th April, 2013
Reporting Officer:	Stephen McCrory, Democratic Services Manager (ext 6314)
Contact Officer:	

1	Relevant Background Information
1.1	The Department of the Environment has issued a consultation document on severance arrangements for councillors (copy attached at Appendix 1). Responses to the consultation are to be with the Department no later than 31st May, 2013.

2	Key Issues
2.1	The consultation document asks a number of questions in relation to options as to how the scheme should be delivered. The main aspects of the scheme are summarised below.
2.2	<p><u>Eligibility - The Prescribed Period</u></p> <p>The prescribed period means that only those serving councillors who are in office on the date the Regulations come into force and who resign their seat before 31st March, 2015 will be eligible for severance under the scheme.</p>
2.3	<p><u>Application Periods</u></p> <p>It is proposed that there will be two periods during which councillors can apply for severance. The first period would start from the date the Regulations come into operation and end on 31st December, 2013. Councillors who apply in the first period would resign their seats immediately and the vacant seat would be filled using the current co-option arrangements.</p>

The second period would commence on 1st January, 2014 and end on the closing date for nominations for the local government elections. Councillors who apply in this period would have to resign before 31st March, 2015.

The scheme is clear that it will not be possible for a councillor who stands for election in 2014 and fails to be elected to then apply for severance. The decision to apply under the scheme must be made in one of the two prescribed periods. In addition, applicants under the severance scheme will be required to sign a declaration that they will not seek re-election.

Severance payments would be made on or after the date of the councillor's resignation.

The first question in the consultation document asks if the Council agrees with this two stage application process and, if not, what alternative would it suggest? **The second question** asks if the Council would foresee any practical or administrative difficulties with the prescribed period ending on 31st March, 2015?

It is recommended that the Council should respond supporting the two stage process and that it does not foresee any difficulties with the prescribed period ending on 31st March, 2015.

The Minister is considering discussing with the Secretary of State the possibility of amending electoral legislation to allow a vacancy on an existing council to be filled by co-option after 1st January, 2014 and **question three** asks if the Council would be supportive of this proposal.

All political parties appear to be satisfied with the current co-option system for dealing with casual vacancies on a council. It is considered that the extension of these arrangements beyond 1st January in an election year would not disadvantage any particular party and would allow incoming co-opted councillors to gain valuable experience both in constituency work and in familiarising themselves with council procedures. Accordingly, it is recommended that the Council should support this proposal.

2.4 Eligibility – The Qualifying Period

The proposed scheme will take account of **all periods of service of an elected member** from the local government elections in 1973 to the date of the councillor's resignation. There is no requirement for these periods to be concurrent.

It is proposed that the length of service would be measured in years rather than council terms of office. This takes account of councillors elected at a by-election or co-opted during a council term.

The scheme will only be open to those councillors who have a **minimum qualifying period of 12 years service**. Periods when a councillor was also a Member of the Assembly, an MP or an MEP would not count towards the qualifying period.

Question four asks if the Council agrees that such periods should be excluded from the calculation when determining the eligibility of councillors and **question five** asks if the Council feels that the minimum qualifying period for severance should be longer than 12 years?

The Council had responded to a previous consultation document on a severance scheme for councillors in 2009 and had adopted the position that serving MLAs, MPs and MEPs should be included in the scheme but that their entitlement to an award should only be calculated on those years of local government service which they had acquired prior to their election to another tier of government. As such, the current proposals would be consistent with the Council's former position and it is recommended that the Council support the current proposal. It is also recommended that the Council support the proposal that the minimum qualifying period for severance should be 12 years.

2.5 Reckonable Service Within the Qualifying Period

A severance payment will be based on the cumulative total of all periods of reckonable service since 7th May, 1973 and excludes any periods when the councillor was also an MLA, an MP or an MEP. Part years of more than 6 months will be counted as a full year and part years of less than 6 months will be discounted when calculating reckonable service.

Question six asks if the Council agrees with this proposal and it is recommended that the Council support it.

2.6 Calculation of Individual Severance payments

The consultation document proposes a graduated scheme of payments where service in the earliest years of the current 26 councils would receive a higher annual rate than service in the later years. The reasons given for this approach is that civil unrest was at its height in the earlier years and the remuneration for councillors in those years was relatively low.

The paper offers two options for a graduated scheme. The first divides service into two bands. Band 1 for service from May 1973 till May 1998 and band 2 for service from May 1998 till the date of a councillor's resignation. The yearly payment for service in band 1 would be £1,000 and for band 2 £600.

The consultation document explains that the use of 1998 as a break point is in recognition of the major changes to the security and political situation initiated by the Belfast Agreement and also that there was a change to the system of remuneration to councillors with the introduction of the basic allowance.

The second option divides the service into three bands. Band 1 for service from May 1973 till May 1987, band 2 for service from May 1987 till May 2001 and band 3 for service from May 2001 till the date of a councillor's resignation. The yearly payment for service in band 1 would be £1,000, for band 2 £750 and for band 3 £550.

The consultation document does not give any rationale to support the 3 band approach.

	<p>Question 7 asks if the Council agrees with the proposal to consider two options for calibrating individual severance payments and question 8 asks which option the Council would find most suitable.</p> <p>As a reasonable rationale has been provided in the consultation document for option 1 it is recommended that the Council support this option.</p> <p>The scheme proposes that the maximum severance which can be paid to any individual should be capped at £36,000. It is pointed out that the first £30,000 of any severance payment would be tax free with the rate of tax payable on any amount over £30,000 being dependent upon individual circumstances.</p> <p>Question nine asks if the Council agrees with this maximum limit.</p> <p>Under the two options for considering the payment of severance to an individual councillor, there is not any circumstance where an individual would be liable for a payment exceeding £36,000 and therefore it is recommended that the Council support the proposal.</p> <p>2.7 <u>Death of an Applicant for a Severance Payment</u></p> <p>When applying for severance, a councillor will be able to nominate a beneficiary or beneficiaries to receive the payment in the event of the councillor's death. The severance will be paid only to the beneficiary or beneficiaries nominated by the councillor.</p> <p>2.8 <u>Meeting the Cost of the Severance Scheme</u></p> <p>Councils will be responsible for making the severance payments but the cost will be reimbursed by the Department.</p>
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3	Resource Implications
3.1	As the cost of the scheme will be reimbursed to the Council by the Department of the Environment, the net cost to the Council will be nil.

4	Equality and Good Relations Implications
	None.

5	Recommendations
5.1	It is recommended that the Council reply to the consultation document in the terms set out in the report.

6	Decision Tracking
	Stephen McCrory, Democratic Services Manager May, 2013

7	Documents Attached
Appendix 1 – Severance Arrangements for Councillors and Draft Local Government (Severance Payments for Councillors) Regulations (Northern Ireland) 2013	