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16 October 2006

Dear Sir/Madam

**THE LOCAL GOVERNMENT PENSION SCHEME (SCOTLAND) AMENDMENT (No.*)
REGULATIONS 2007 - COUNCILLORS AND VISITSCOTLAND**

1. I enclose, for your comments no later than 24th November 2006, draft regulations to amend the Local Government Pension Scheme (Scotland) Regulations 1998 (the "principal regulations").

Background

2. The Chairman of the Scottish Local Authorities Remuneration Committee (SLARC) submitted a report to Scottish Ministers in January 2006 making certain recommendations with regard to the remuneration of councillors. The report also made recommendations on pension provision.

3. SLARC recommended that councillors should have access to a defined benefit pension scheme and that, in particular, the Local Government Pension Scheme (LGPS) should be available to councillors. The Committee specified that the scheme should:

- apply the same normal retirement age and employee contribution rate for councillors as others in the scheme;
- allow for the possibility of buying extra years of service from their entry to the scheme; and
- be a career average scheme rather than final salary to reflect the possibility that councillors may hold positions of responsibility with higher remuneration at various points in their career.

4. The Minister agreed the Committee's recommendations and, in addition, stipulated that councillors re-elected in 2007 be given the choice to opt into an arrangement that would allow them to buy pension entitlement in respect of previous years served since 1995.

5. The draft Local Government Pension Scheme (Scotland) Amendment (No.***) Regulations 2007 outline the intention to provide councillors access to the LGPS in line with the points made above. You will note that this is planned to take effect from 3 May 2007. However these amendments are only one part of a much wider change in the way councillors are remunerated. The Scottish Executive is working towards ensuring all the elements of the remuneration package – severance payments, salaries, re-imburement of expenses – are concluded in good time as these



should take effect simultaneously. Costs and benefits are outlined in the Regulatory Impact Assessment (RIA) accompanying this consultation.

6. The Regulations also propose inserting VisitScotland into the Schedule of Scheme Employers to allow staff of the new body access to membership of the scheme.

Schedule Contents

7. The regulations have been divided into 3 Parts.

Part 1: General

8. This Part relates to the citation, commencement, interpretation and application of the regulations.

Part 2 and Schedule: Councillors' pensions

9. This Part of the SSI and the Schedule make provisions to allow local authority councillors to become members of the LGPS in line with the points above. Councillors' pensions are to be calculated by reference to career average pay, based on remuneration paid to them by the relevant local authority under the Local Governance (Scotland) Act 2004 (Remuneration and Allowances) Regulations 2006.

10. Amendments are made to the principal Regulations so that they operate in relation to a pension calculated by reference to career average pay rather than final pay. In addition, amendments exclude councillors from elements not appropriate to their membership, such as eligibility for additional discretionary payments under the discretionary payments regulations.

Part 3: VisitScotland

11. This Part of the SSI amends the principal Regulations to add VisitScotland as a Scheme employer.

Responses

12. Your comments should be sent in the first instance to Jean Steel, Policy Officer, Scottish Public Pension Agency, 7 Tweedside Park, Tweedbank, Galashiels TD1 3TE (tel: 01896 893229). Electronic responses can be sent to locgovpensionsreform@scotland.gsi.gov.uk

13. A summary of responses to this consultation will be published on the Agency's website in due course.

14. Information provided in response to this consultation, including personal information, may be published or disclosed in accordance with the access to information regimes (these are primarily the Freedom of Information (Scotland) Act 2000 (FOISA) and the Data Protection Act 1998 (DPA) .

15. If you want the information that you provide to be treated as confidential, please be aware that, under the FOISA, there is a statutory Code of Practice with which public authorities must comply and which deals, amongst other things, with obligations of confidence. In view of this it would be helpful if you could explain to us why you regard the information you have provided as confidential. If we receive a request for disclosure of the information we will take full account of your explanation, but we cannot give an assurance that confidentiality can be maintained in all



circumstances. An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded as binding on the Department.

16. The Department will process your personal data in accordance with the DPA and in the majority of circumstances; this will mean that your personal data will not be disclosed to third parties.

17. As previously advised, please find enclosed a draft set of regulations for consideration. I should be grateful if any comments could be sent to Jean Steel, Policy Officer, at the above address, by **24 November 2006**.

18. If you wish to discuss this proposal in more detail please do not hesitate to contact either myself on 01896 893227 or send any queries by e-mail to david.lauder@scotland.gsi.gov.uk.

Yours faithfully



D Lauder
Policy Manager, LGPS

Addressees

COSLA
TGWU
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STUC
UNISON
AMICUS
Secretary, LGPC
Educational Institute for Scotland
Union of Construction, Allied Trades and Technicians
Strathclyde Passenger Transport Authority
Audit Scotland
National Association of Pension Funds
Scottish Local Government Pension Scheduled Bodies
Scottish Local Government Pension Funds
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