



News Release

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FAIRER AND AFFORDABLE LOCAL GOVERNMENT PENSION SCHEME

A new Local Government Pension Scheme (LGPS) is expected to deliver savings of around £20m per year, Finance Secretary John Swinney said today.

The scheme was developed by a tripartite group of officials from the Scottish Government, Convention of Scottish Local Authorities (COSLA) and trade unions and will be introduced across Scotland in April 2009.

The scheme is designed to be affordable, sustainable and fairer for employers, scheme members and taxpayers.

Key features of the new scheme are:

- retention of a normal retirement age of 65 but with flexibility to work reduced hours beyond 65 while taking part of their pension
- employee contribution rates increased to an average of 6.3%. Contributions will be tiered so lower paid staff pay less and higher paid staff more for the benefits they draw
- lower average employers' contribution rates, reduced from 13.9% to 13.3%
- the new LGPS will mirror other schemes in providing 1/60th of final salary for each year in service
- modernised partners' pensions - lump sum death in service grants increase from two to three times final pay and cohabiting partners now able to receive benefits.

John Swinney, Cabinet Secretary for Finance and Sustainable Growth, said:

“The partnership approach adopted by the Scottish Government, COSLA and trade unions has delivered a new Local Government Pension Scheme that provides an excellent package of benefits whilst being affordable and fair.

“The work to develop this scheme reflects our new and much more productive relationship with local government, where we work in partnership to deliver the best outcomes for people right across Scotland.

"We have consulted extensively and the scheme will be implemented from April 2009."

Dave Watson, UNISON Scottish Organiser, said:

"We're pleased that all the parties involved in these discussions have agreed on a new pension scheme that is affordable, and attractive to the quality staff we need to recruit to, and retain in our public services.

"The fact that we can deliver a scheme that protects the valued features of the existing scheme and extends the benefits - particularly for the low paid - within a viable scheme, is testament to the way that the past scheme has been maintained and invested in, and the positive approach of all the parties in the negotiations."

Pat Watters, President of COSLA, said:

"This is a tremendous achievement. I am with the new LGPS Scotland, which is the product of long detailed negotiations between COSLA, the trade unions representing our staff, and the Scottish Public Pensions Agency.

"Let's not underestimate what we have achieved here - I think it is fair to say that when we started these negotiations nobody thought that we would achieve such a good result on behalf of our staff. What is also vitally important to recognise is that we now have a pension scheme which is both affordable and sustainable over the long term."

NOTES TO NEWS EDITORS

1. The Scottish Public Pensions Agency (SPPA) will implement changes to the scheme.
2. Occupational pensions is a reserved matter and therefore the responsibility of the UK Government, although Scottish Ministers have executive devolved powers to make changes to public pension schemes such as the LGPS.
3. The LGPS already has a normal pension age of 65 and there has been no change to this. New members to other public service pension schemes will have a normal pension age of 65 too. Other new public service pension schemes are broadly similar.
4. Under the Rule of 85, members aged over 60, whose age and service added up to 85, could retire early and receive an unreduced pension. The Rule had to be removed to comply with the EC Directive on equality in the workplace. A commitment was made to reinvest the savings from the removal of the Rule of 85 into the new scheme.

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