Executive Note

The Local Governance (Scotland) Act 2004 (Severance Payments) Regulations 2006 SSI/2006/471

The above instrument was made in exercise of the powers conferred by section 12 of the Local Governance (Scotland) Act 2004. The instrument is subject to negative resolution procedure.

Policy Objectives

The purpose of the instrument is primarily about recognising the long-service given by many councillors, during which time they have not been eligible to join an occupational pension scheme. It will apply to councillors who, by the time of the next elections, will have served for more than one term. The scheme also acknowledges that there are fundamental changes to local government being introduced in 2007 which will affect the role of councillor. The change to multi-member wards means that each councillor will be one of 3 or 4 councillors serving a much larger ward. The scheme therefore recognises that many serving councillors who started their career serving their own ward may not wish to take part in the new working arrangements that will be introduced.

The next ordinary local government elections are scheduled to take place on 3 May 2007. Serving councillors who decide to stand down at these elections will therefore be entitled to receive a severance payment on leaving office.

The 2004 Act already provides that councillors who stand again for election will be ineligible for a severance payment, even if they are not elected. Councillors who are also members of the Scottish Parliament, the UK Parliament, or the European Parliament will be ineligible for a severance payment if they decide to stand down as a councillor. This should apply only to councillors who are already members of a Parliament, not to councillors who stand down as a councillor at the next election but are subsequently elected as an Member of a Parliament. The Act also precludes any councillor who receives a severance payment from standing for election as a councillor in Scotland in the future.

Councillors are required to submit applications for severance payments to their local authority by 20 October 2006 except where a particular Local Authority (Electoral Arrangements) Order 2006 defining the ward boundaries for that authority has not been made. Councillors in those authorities will be required to submit an application within 4 weeks of the date of that Order except that an absolute deadline for submission of applications is 15 December 2006 for those authorities who have not had a ward boundary order made by 17 November 2006.

Consultation

The following bodies have been consulted on a draft of the instrument in accordance with the requirements of Section 12(3) of the Local Governance (Scotland) Act 2004

The Scottish Local Authorities Remuneration Committee

The following organisations were also consulted

Convention of Scottish Local Authorities
Society of Local Authority Chief Executives and Senior Managers

Financial Effects

The instrument will have financial implications for the Scottish Executive and Local Government. The level of payment for a councillor will be determined by the length of service given. That service can be continuous or cumulative.

The severance scheme will offer 3 levels of payment as follows:

- A payment of £10,000 to councillors who will at the date of the next ordinary elections have served up to and including 10 years.
- A payment of £15,000 to councillors who will at the date of the next ordinary elections have served more than 10 years but less than 15 years.
- A payment of £20,000 to councillors who will at the date of the next ordinary elections have served 15 years or longer.

The total financial implications for the Scottish Executive in terms of the amount payable cannot be confirmed because it is dependant on how many councillors decide to take up the severance package.

Although the 2004 Act provides that payments will be made by local authorities, the costs will be met by the Executive. To achieve this, each local authority will establish as soon as possible following the commencement of the relevant regulations, details of those councillors who wish to receive a severance payment. These details should include:

(a) The councillor's name and residential address
(b) The councillor's date of birth
(c) Their party affiliation, if any
(d) Their assessment of their total number of years of service by the date of the next ordinary elections, as determined in accordance with the regulations, and the level of payment that means they are entitled to receive.
(e) Their declaration that the information is accurate as far as they are aware
(f) Where councillors are applying following upon the death or terminal illness of a 'connected person' as defined in the regulations, their declaration that those circumstances apply. This will entitle the councillor to apply for a severance payment by a later date.
(g) Their declaration that they do not intend to be a candidate at any ordinary elections.

The Head of Paid Service, or the Monitoring Officer as the particular local authority considers appropriate, should examine the information provided by each councillor and verify they consider the information is accurate.

Thereafter, each local authority shall provide to the Scottish Executive the information in respect of each member applying above to allow it (a) to assess the total cost of the scheme, and (b) to create statistical data relating to the severance scheme.

Local Authorities should arrange for payment to be made within 14 days of the next local government elections.

Scottish Executive Finance and Central Services Department
September 2006