

Report

To:	Executive Committee
Date:	11 May 2011
Prepared by:	Chief Executive

Subject:	Remuneration Report
-----------------	----------------------------

1. Purpose of Report

1.1. The purpose of the report is to:-

- ◆ Brief the Committee on the requirement to include a remuneration report with the Councils Annual Report and Accounts.

2. Recommendation(s)

2.1. The Committee is asked to approve the following recommendation(s):

- (1) that the requirement to include a remuneration report in the annual accounts is noted
- (2) note that any confidentiality agreement in place before 7 February 2011 will only apply to year 2010/2011 remuneration report.

3. Background

- 3.1. Regulations were laid before the Scottish Parliament in early February which requires a Remuneration Report with Annual Accounts from 2010/11. These came into force on 31 March 2011.
- 3.2. The Regulation is known as The Local Authority Accounts (Scotland) Amendments Regulations 2011, and they amend the Local Authority Accounts (Scotland) Regulations 1985.
- 3.3. The regulations are supplemented by non statutory guidance which the Scottish Government have provided. Within the guidance sample disclosures have been included and are attached at Appendix 1. The regulations overrule the Data Protection Act by requiring the publication of detailed information on individuals.
- 3.4. A remuneration report will be required for the Council and the Lanarkshire Joint Valuation Board (for which we prepare the accounts).

4. Remuneration Report Format

- 4.1. **Narrative** - It is intended that a full narrative Report will be produced, not just a table of figures. Narrative should include details on how the Council and any subsidiary body makes decides on remuneration for staff, for senior councillors, and any role the Council has in remuneration for any subsidiary body.

- 4.2. **Subsidiary Bodies** - The report should also show for any subsidiary bodies the name of the Chief Executive (or most senior officer), the name of any councillor who has received remuneration from that subsidiary, and the post title and name of any officer whose remuneration is over £150,000. As per the Council's Accounts, we do not have any subsidiary bodies, and therefore we do not expect to disclose anything here. SLLC and Regen-fx are associate bodies, not subsidiaries in our accounts.
- 4.3. **General Pay Band Disclosure** – The report will include a table showing the number of employees whose remuneration falls within into pay scales from £50,000, increasing in £5,000 bands.
- 4.4. **Detailed Remuneration** - For the purposes of the report “Remuneration” includes :-
- Salary, fees and allowances (including returning officers fees)
 - Bonuses
 - Any expenses allowance (only if charged to tax which excludes mileage and expenses reimbursement)
 - Any payment made as compensation for loss of office (including redundancy, and pension added years lump sums)
 - Value of any other benefits
- 4.5. The report will show in separate tables:
- (a) Disclosure of **relevant Council senior officers** remuneration
 - (b) Disclosure of **relevant senior councillors** remuneration
 - (c) Disclosure of **any subsidiary bodies** remuneration

The individuals that will fall into each of these tables are :-

- 4.5.1. **Relevant senior officers** will cover the **Chief Executive**, and **Executive Directors**. The regulation also states that certain politically restricted posts as defined in parts of the Local Government and Housing Act 1989 should be included if they differ from our senior management team.
- 4.5.2. These politically restricted posts include Statutory Chief Officers (which are Director of Education, Director of Social Work, S95 officer), and Non Statutory Chief Officer. In statute, Non Statutory Chief Officers are any person that reports directly to the Chief Executive, and therefore it is expected that the **Head of Audit and Improvement** will be included.
- 4.5.3. Within its Scheme of delegation, the Council currently classes the Monitoring Officer as one of our “Statutory Officers”. However, the section of the 1989 Act that requires us to hold a Monitoring Officer is not one of the sections detailed for inclusion in the Remuneration report. Therefore it is proposed that we do not include the Monitoring Officer in the remuneration report.
- 4.5.4. Any other officer who has a remuneration of more than £150,000 should also be included. No other officer earns a salary £150,000 however, it is necessary to include any payment for loss of office which could include redundancy, or payments under the Discretionary Payments Regulations (such as Compensatory Added Pension (CAY) years lump sum, and compensation payments).

- 4.5.5. **Senior Councillors** – The Council has appointed senior councillors as per the Statutory Guidance on Members Remuneration. These 19 senior councillors will appear on the Remuneration report alongside the Leader, and the Provost.
- 4.5.6. The information published for elected members will be less than that published in the Members Register, as any expenses which are not subject to tax will not be included.
- 4.5.7 **Subsidiary Bodies** - As detailed at 4.2 the Council does not hold any subsidiary bodies and therefore no data is required here.
- 4.5.8 There is no reference in either the regulation or the accompanying guidance to the inclusion of members who are remunerated for their role on joint boards. Advice given by government officials is that councils may wish to include this information. On the face of the statement to be provided in relation to senior councillors, reference will be made to the names of councillors in receipt of remuneration for their role on joint boards and direction given as to how further details can be obtained.
- 4.6. **Pension Rights** – Again in separate tables for senior officers and senior councillors employees we are required to show:-
- The value of accrued pension benefits to the end of the year (and last years comparative figures)
 - The value of pension contributions made for that employee by the Council (including any payments made now for future benefits)
- 4.6.1. The Pension Office will advise us of the relevant accrued benefits for relevant employees and senior councillors. These benefits may include lump sums as well as pension value.
- 5. Employee Implications**
- 5.1. There are no employee implications.
- 6. Financial Implications**
- 6.1. There are no financial implications.
- 7. Other Implications**
- 7.1 The risk of not implementing this requirement is that the Council would be found in breach of statutory requirements. On the other hand, there is also a risk that the information will be picked up and misrepresented by the media.
- 8. Equality Impact Assessment and Consultation Arrangements**
- 8.1. There is no requirement to undertake an equality impact assessment or consultation on the proposals outlined in this report.

Archibald Strang
Chief Executive

12 April 2011

Link(s) to Council Values/Improvement Themes/Objectives

- Fair and open

Previous References

- None

List of Background Papers

- Local Authority Accounts (Scotland) Amendments Regulations 2011

Contact for Further Information

If you would like to inspect the background papers or want further information, please contact:-

Jackie Taylor, Corporate Finance Manager

Ext: 5637 (Tel: 01698 455637)

E-mail: jackie.taylor@southlanarkshire.gov.uk

Remuneration Report

Remuneration Policy

Senior Employees

The salary of senior employees is set by reference to national arrangements. The Scottish Joint Negotiating Committee (SJNC) for Local Authority Services sets the salaries for the Chief Executives of Scottish local authorities. Circular CO/144 sets the amount of salary for the Chief Executive of South Lanarkshire Council for the period 2008 to 2011

Senior Councillors

The remuneration of councillors is regulated by the Local Governance (Scotland) Act 2004 (Remuneration) Regulations 2007 (SSI No. 2007/183). The Regulations provide for the grading of councillors for the purposes of remuneration arrangements, as either the Leader of the Council, the Civic Head, Senior Councillors or Councillors. The Leader of the Council and the Civic head cannot be the same person for the purposes of payment of remuneration. A senior councillor is a councillor who holds a significant position of responsibility in the Council's political management structure

When determining the level of remuneration for councillors the Scottish Ministers consider the recommendations of the Scottish Local Authority Remuneration Committee (SLARC). SLARC is an advisory Non-Departmental Public Body set up in 2005 to advise Scottish Ministers on the remuneration, allowances and expenses incurred by local authority councillors.

The salary that is to be paid to the Leader of the Council is set out in the Regulations. For 2010-11 the salary for the Leader of the Council is £xxx The Regulations permit the council to remunerate one Civic Head. The regulations set out the maximum salary that may be paid to that Civic Head. The Council's policy on the Civic Head's remuneration is in line with the Regulations.

The Regulations also set out the remuneration that may be paid to senior councillors and the total number of senior councillors the Council may have. The maximum yearly amount that may be paid to a Senior Councillor is 75 per cent of the total yearly amount payable to the Leader of the Council. The total yearly amount payable by the council for remuneration of all of its Senior Councillors shall not exceed xx. The Council is able to exercise local flexibility in the determination of the precise number of Senior Councillors and their salary within these maximum limits. The Council's policy on Senior Councillors' remuneration is in line with the Regulations.

In 2010-11, the Council had 19 senior councillors and the remuneration paid to these councillors totalled £xx. The Regulations also permit the Council to pay contributions or other payments as required to the Local Government Pension Scheme in respect of those councillors who elect to become councillor members of the pension scheme.

General Pay Band Disclosure

Annual Remuneration	Staff Numbers 2010/11	Staff Numbers 2009/10
50,000-54,999		
55,000 – 59,999		
60,000 – 64,999		
65,000 – 69,999		
70,000 - 74,999		
75,000 – 79,999		
80,000 - 84,999		
85,000 – 89,999		
90,000 - 94,999		
95,000 – 99,999		
100,000 – 104,999		
105,000 – 109,999		
110,000 – 114,999		
115,000 – 119,999		
120,000 – 124,999		
125,000 – 129,999		
130,000 – 134,999		
135,000 – 139,999		
140,000 – 144,999		
145,000 – 145,999		
150,000 - 149,999		

Disclosure of Remuneration

Senior Officers and Officers with remuneration over £150,000

Post	Name	Salary	Expenses allowance (car allowance)	Compensation for loss of office	Any other remuneration	2010/11 Total	2009/10 Total
Chief Executive	A Strang						
Executive Director and Depute Chief Executive	L Hardie						
Executive Director	R McIlwain						
Executive Director	N Anderson						
Executive Director	L Ford						
Executive Director	C McDowall						
Executive Director	L Freeland						
Executive Director	H Stevenson						

Senior Councillors

Post	Name	Salary	Expenses allowance	Compensation for loss of office	Any other remuneration	2010/11 Total	2009/10 Total
Depute Leader of the Council	J Burns (from Sept 10)						
Chair of Rutherglen / Cambuslang Area Committee	P Clearie						
Provost	R Clearie						
Chair of Community Resources Committee	G Convery						
Ruling Group Business Manager / Chair of Estates Committee	J Docherty						
Chair of Corporate Resources Committee	H Dunsmuir						
Depute Provost	B Forrest						
Chair of Social Work Resources Committee	J Handibode						
Depute Leader of the Majority Opposition Group	G Horne						
Chair of Finance and IT resources Committee	E Logan						
Leader of the Council	E McAvoy						
Chair of Housing and Technical Resources Committee	A McInnes						

Chair of Hamilton Area Committee	J McKeown						
Chair of Licensing Committee	M McNeil						
Leader of the Majority Opposition Group	A Maggs						
Chair of East Kilbride Area Committee	A Mitchell						
Chair or Planning Committee	G Scott						
Chair of Education Resources Committee	M Smith						
Chair of Clydesdale Area Committee	J Stewart						
Chair of Enterprise Resources Committee	C Thompson						
Business Manager of the majority Opposition Group	D Watson						

The following members are remunerated for their role on Joint Boards. Details of their remuneration can be obtained from the relevant body:-

A Falconer, Vice Convenor Police Board – Contact Strathclyde Police 0141 532 2000

J Lowe, Vice Convenor Fire Board – Contact Strathclyde Fire and Rescue 01698 300999

J Cairney, Vice Convenor LVJB – contact Lanarkshire Valuation Joint Board 01698 476000

Pension Rights

Pension benefits for councillors and local government employees are provided through the Local Government Pension Scheme (LGPS).

Councillors' pension benefits are based on career average pay. The councillor's pay for each year or part year ending 31 March (other than the pay in the final year commencing 1 April) is increased by the increase in the cost of living, as measured by the appropriate index (or indices) between the end of that year and the last day of the month in which their membership of the scheme ends. The total of the revalued pay is then divided by the period of membership to calculate the career average pay. This is the value used to calculate the pension benefits. For local government employees this is a final salary pension scheme. This means that pension benefits are based on the final year's pay and the number of years that person has been a member of the scheme.

The scheme's normal retirement age for both councillors and employees is 65. From 1 April 2009 a tier contribution system was introduced with contributions from scheme members being based on how much pay falls into each tier. This is designed to give more equality between the cost and benefits of scheme membership. Prior to 2009 contributions rates were set at 6% for all non manual employees.

The tiers and members contribution rates for 2010-11 remain at the 2009-10 rates, (due to negative increase in the cost of living index for 2010-11) and are as follows:

Whole time pay	Contribution rate 2010-11	Contribution rate 2009-10
On earnings up to and including £18,000	5.5%	5.5%
On earnings above £18,000 and up to £22,000	7.25%	7.25%
On earnings above £22,000 and up to £30,000	8.5%	8.5%
On earnings above £30,000 and up to £40,000	9.5%	9.5%
On earnings above £40,000	12%	12%

If a person works part-time their contribution rate is worked out on the whole-time pay rate for the job, with actual contributions paid on actual pay earned.

There is no automatic entitlement to a lump sum. Members may opt to give up (commute) pension for lump sum up to the limit set by the Finance Act 2004. The accrual rate guarantees a pension based on 1/60th of final pensionable salary and years of pensionable service. (Prior to 2009 the accrual rate guaranteed a pension based on 1/80th and a lump sum based on 3/80th of final pensionable salary and years of pensionable service).

The value of the accrued benefits has been calculated on the basis of the age at which the person will first become entitled to receive a full pension on retirement without reduction on account of its payment at that age; without exercising any option to commute pension entitlement into a lump sum; and without any adjustment for the effects of future inflation.

The pension figures shown relate to the benefits that the person has accrued as consequence of their total local government service, and not just their current appointment.

Senior Officers

Post	Name	Accrued Pension Benefits March 2011	Movement in accrued pension benefits since 31 March 2010	Pension Contribution made by council 2010/11	Pension Contribution made by council 2009/10
Chief Executive	A Strang				
Executive Director and Depute Chief Executive	L Hardie				
Executive Director	R McIlwain				
Executive Director	N Anderson				
Executive Director	L Ford				
Executive Director	C McDowall				
Executive Director	L Freeland				
Executive Director	H Stevenson				

Senior Councillors

Post	Name	Accrued Pension Benefits March 2011	Movement in accrued pension benefits since 31 March 2010	Pension Contribution made by council 2010/11	Pension Contribution made by council 2009/10
Depute Leader of the Council	J Burns (from Sept 10)				
Chair of Rutherglen / Cambuslang Area Committee	P Clearie				
Provost	R Clearie				
Chair of Community Resources Committee	G Convery				
Ruling Group Business Manager / Chair of Estates Committee	J Docherty				
Chair of Corporate Resources Committee	H Dunsmuir				
Depute Provost	B Forrest				
Chair of Social Work Resources Committee	J Handibode				
Depute Leader of the Majority Opposition Group	G Horne				
Chair of Finance and IT resources Committee	E Logan				
Leader of the Council	E McAvoy				
Chair of Housing and Technical Resources Committee	A McInnes				

Chair of Hamilton Area Committee	J McKeown				
Chair of Licensing Committee	M McNeil				
Leader of the Majority Opposition Group	A Maggs				
Chair of East Kilbride Area Committee	A Mitchell				
Chair or Planning Committee	G Scott				
Chair of Education Resources Committee	M Smith				
Chair of Clydesdale Area Committee	J Stewart				
Chair of Enterprise Resources Committee	C Thompson				
Business Manager of the Majority Opposition Group	D Watson				