

BACKGROUND

The Local Authority Accounts (Scotland) Amendment Regulations 2011 amend the Local Authority Accounts (Scotland) Regulations 1985 and require Scottish Local Authorities to prepare a Remuneration Report for the first time as part of its annual Financial Statements.

REMUNERATION POLICY AND ARRANGEMENTS

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 the Leader of the Council, the Civic Head (Provost), senior councillors or councillors. The Leader of the Council and the Provost 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 Regulations also provide for the banding of local authorities – Argyll and Bute is in Band B, the Council has determined the level of remuneration for councillors within that banding. 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 Argyll and Bute Council is £32,470. 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 Civic Head is The Provost and his remuneration is set at £24,353 which is the maximum allowed for Local Authorities in Band B.

The Regulations also set out the remuneration that may be paid to senior councillors in addition to the Leader and Civic Head 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 its senior councillors shall not exceed £284,116. The Council is able to exercise local flexibility in the determination of the precise number of senior councillors up to a maximum of 14 and their salary within these maximum limits. The Council's policy is to pay the maximum salary of £24,353 to each appointed spokesperson and the Chair of the Protective Services and Licensing Committee. Chairs of Area Committees without a spokesperson's remit are paid a salary of £19,962. The Leader of the largest opposition group is paid a salary of £19,962.

In 2010-11 Argyll and Bute Council had 10 senior councillors for the period to 25 November 2010 and 12 senior councillors in the period from 6 December 2010 to 31 March 2011. The total remuneration for senior councillors during 2010-11 was £261,596. 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.

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 Argyll and Bute Council for the period 2008 to 2011. The salaries of the Executive Directors and Heads of Service are based on a fixed percentage of the Chief Executive's salary in two bandings. Executive Directors receive 80% of the amount of the Chief Executive's salary and Heads of Service 75% of Executive Director's salary. This equates to Chief Officers Salary Scale Point (SCP) 43 for Executive Directors and SCP 29 for Heads of Service.

COUNCILLORS' REMUNERATION

Payments to councillors are made in accordance with the Local Government (Scotland) Act 2004 (Remuneration) Regulations 2007 and The Local Government (Allowances and Expenses) (Scotland) Regulations 2007.

The total amount of councillors' remuneration paid by the Council during the year was:

Members Allowances	2010-11 Actual £'000	2009-10 Actual £'000
Basic Councillor Salaries	368	376
Senior Councillor Salaries (Salary of Leader and Provost)	319	307
Other Expenses and Allowances paid to Members	180	175
Total Allowances	867	858

The annual return of councillors' salaries and expenses for 2010-2011 is available for any member of the public to view at all Council libraries and public offices during normal working hours is also available on the Council's website at <http://www.argyll-bute.gov.uk/council-and-government/councillors-and-community-councillors>.

SENIOR COUNCILLORS' REMUNERATION

Additional disclosures are required for senior councillors' remuneration. Senior councillors' remuneration is in accordance with the Local Government (Scotland) Act 2004 (Remuneration) Regulations 2007 which for the purpose of remuneration, grades Councillors as either the Leader of the Council, The Civic Head (Provost), senior councillors or councillors.

Details of senior councillors' remuneration are as follows:

Senior Members	2010-11				2009-10
	Salary, Fees and Allowances £	Taxable Expenses £	Non-cash Expenses & Benefits-in-kind £	Total Remuneration £	Total Remuneration £
Provost - Councillor William Petrie	24,353	580	-	24,933	24,365
Leader - Councillor Dick Walsh	32,470	2,067	-	34,537	34,158
Education and Lifelong Learning Spokesperson - Councillor Isobel Strong (to 25-11-10)	17,303	-	-	17,303	25,294
Education and Lifelong Learning Spokesperson - Councillor Ellen Morton (from 06-12-10)	7,022	-	-	7,022	-
Leader of the Opposition - Councillor Ellen Morton (to 25-11-10)	14,183	-	-	14,183	16,284
Economy, Environment and Rural Affairs Spokesperson - Councillor Robert Macintyre (to 25-11-10)	17,303	-	-	17,303	25,106
Leader of the Opposition - Councillor Robert Macintyre (from 06-12-10)	5,804	262	-	6,066	-
Housing and Communities Spokesperson - Councillor George Freeman (to 25-11-10)	17,303	526	-	17,829	25,400
Transport and Infrastructure Spokesperson - Councillor Duncan MacIntyre	24,353	333	-	24,686	24,851
Islands and European Affairs Spokesperson (to 06-12-10), European Issues Spokesperson (from 06-12-10) - Councillor Len Scoullar	24,353	440	-	24,793	23,876

Senior Members	2010-11				2009-10
	Salary, Fees and Allowances £	Taxable Expenses £	Non-cash Expenses & Benefits-in-kind £	Total Remuneration £	Total Remuneration £
Rural and Island Affairs, Housing and Gaelic Spokesperson - Councillor Robin Currie (from 06-12-10)	7,022	-	-	7,022	-
Social Services Spokesperson - Councillor Donald McIntosh (to 25-11-10)	17,303	122	-	17,425	24,373
Social Services Spokesperson - Councillor Andrew Nisbet (from 06-12-10)	7,022	-	-	7,022	-
Third Sector Spokesperson - Councillor John Semple (to 25-11-10)	17,303	645	-	17,948	20,595
Third Sector and Communities Spokesperson - Councillor Rory Colville (from 06-12-10)	7,022	-	-	7,022	-
Enterprise, Energy, Culture and Tourism Spokesperson - Councillor Neil MacKay (from 06-12-10)	7,022	-	-	7,022	-
Chair - Helensburgh and Lomond Area Committee - Vivien Dance (from 06-12-10)	5,756	-	-	5,756	-
Chair - Bute and Cowal Area Committee - Councillor Bruce Marshall	21,205	535	-	21,740	20,440
Spokesperson for Environment - Councillor Bruce Marshall (from 06-12-10)					
Chair - Mid Argyll, Kintyre & Islands Area Committee - Councillor Donald MacMillan	19,962	-	-	19,962	19,978
Chair - Protective Services and Licensing Committee - Councillor Daniel Kelly	24,353	368	-	24,721	24,165

EMPLOYEES' REMUNERATION

The Local Authority Accounts (Scotland) Regulations 1985 (Amended 2011) requires local authorities to provide an analysis of the number of employees whose remuneration in the year was £50,000 or more, including those classified as senior employees who are subject to separate disclosure requirements. The definition of remuneration includes all sums paid to or receivable by an employee, expense allowances chargeable to tax and the monetary value of benefits received other than in cash. This definition therefore includes all payments made in respect of agreed employment terminations or retirements. However, employer pension contributions are excluded from the definition.

Readers should be aware when making comparisons between years that, due to contractual incremental pay increases to, the number of employees covered by this disclosure will increase each year. In addition, payments made in respect of agreed employment terminations or retirements can also distort the number and/or banding of employees.

The number of employees whose remuneration, excluding employer pension contributions and including redundancy/retirement payments, that was £50,000 or more in bands of £5,000 was:

Range £	2010-11 Number of Officers	2009-10 Number of Officers
£50,000 - £54,999	29	39
£55,000 - £59,999	21	9
£60,000 - £64,999	4	4
£65,000 - £69,999	18	16
£70,000 - £74,999	2	1
£75,000 - £79,999	3	4
£80,000 - £84,999	1	2
£85,000 - £89,999	-	1
£90,000 - £94,999	3	2
£95,000 - £99,999	-	-
£100,000 - £104,999	-	-
£105,000 - £109,999	-	-
£110,000 - £114,999	1	1
£115,000 - £119,999	1	-
£150,000 - £154,999	-	1
£155,000 - £159,999	-	-
£210,000 - £214,999	-	1
Total	83	81

As a result of the ongoing Council modernisation programme a number of senior officers received redundancy payments during 2009-10. This was ongoing during 2010-11 and the employees above include a number of employees receiving redundancy payments.

SENIOR EMPLOYEES' REMUNERATION

The Local Authority Accounts (Scotland) Regulations 1985 (Amended 2011) requires the separate disclosure and analysis of remuneration for senior employees (defined by the regulations) as those employees forming part of the Council's senior management team, or holding certain statutory posts, whose salary is over £50,000 and any additional employee whose salary is over £150,000).

In 2010-11 there were no employees earning more than £150,000.

The following table sets out the remuneration disclosures for 2010-11 for senior officers:

Post Holder	Salary (Including Fees and Allowances) £	Taxable Expenses £	Benefits other than in cash £	Total Remuneration 2010/11 £	Total Remuneration 2009-10 £
Chief Executive - Sally Loudon	116,317	1,922	-	118,239	115,549
Director of Community Services - Cleland Sneddon (from 17-05-10) <i>(Full year equivalent)</i>	77,082 <i>(92,625)</i>	1,260	-	78,342 <i>(92,625)</i>	- -
Director of Customer Services (2010-11), Director of Community Services (2009-10) Douglas Hendry	92,515	658	-	93,173	90,970
Director of Development and Infrastructure Services - Sandy MacTaggart (from 01-04-10)	91,790	643	-	92,433	-
Head of Strategic Finance (Section 95 Financial Officer) - Bruce West	68,539	770	-	69,309	67,623
Head of Children and Families (Section 3 Social Work Officer) - Dougie Dunlop	68,764	414	-	69,178	67,542
Head of Improvement and HR - Jane Fowler (from 01-07-09) <i>(Full year equivalent)</i>	68,764	-	-	68,764	47,358 <i>(66,944)</i>

The Chief Executive's salary of £116,317 includes £3,241 of remuneration for acting as Returning Officer during 2010-11.

The senior employees included in the table include any local authority employee:

- Who has responsibility for management of the local authority to the extent that the person has power to direct or control the major activities of the authority (including activities involving the expenditure of money), during the year to which the Report relates, whether solely or collectively with other person;
- Who holds a post that is politically restricted by reason of section 2(1) (a), (b) or (c) of the Local Government and Housing Act 1989; or
- Whose annual remuneration is £150,000 or more.

PENSION BENEFITS

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 five 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	2009-10
On earnings up to and including £18,000	5.50%	5.50%
On earnings above £18,000 and up to £22,000	7.25%	7.25%
On earnings above £22,000 and up to £30,000	8.50%	8.50%
On earnings above £30,000 and up to £40,000	9.50%	9.50%
On earnings above £40,000	12.00%	12.00%

If a person works part-time their contribution 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 local government service, and not just their current appointment.

SENIOR COUNCILLORS' PENSION BENEFITS

The pension entitlements for senior councillors for the year to 31 March 2011 are shown in the table below, together with the contribution made by the Council to each senior councillors' pension during the year.

Senior Members	In-year pension contributions			Accrued pension benefits	
	For year to 31 March 2011 £	For year to 31 March 2010 £		As at 31 March 2011 £	Difference from 31 March 2010 £
Education and Lifelong Learning Spokesperson (from 06-12-10) and Leader of the Opposition (to 25-11-10) - Councillor Ellen Morton	3,844	3,334	<i>Pension</i>	1,078	384
			<i>Lump Sum</i>	1,350	124
Housing and Communities Spokesperson - Councillor George Freeman (to 25-11-10)	3,983	4,205	<i>Pension</i>	1,398	425
			<i>Lump Sum</i>	1,752	32
Islands and European Affairs Spokesperson (to 06-12-10), European Issues Spokesperson (from 06-12-10) - Councillor Len Scoullar	4,414	4,072	<i>Pension</i>	1,199	450
			<i>Lump Sum</i>	1,503	178
Rural and Island Affairs, Housing and Gaelic Spokesperson - Councillor Robin Currie (from 06-12-10)	3,365	2,803	<i>Pension</i>	791	332
			<i>Lump Sum</i>	627	50
Social Services Spokesperson - Councillor Andrew Nisbet (from 06-12-10)	3,365	2,803	<i>Pension</i>	904	337
			<i>Lump Sum</i>	972	74
Third Sector Spokesperson Councillor John Semple (to 25-11-10)	3,983	3,953	<i>Pension</i>	1,144	400
			<i>Lump Sum</i>	1,434	119
Third Sector and Communities Spokesperson - Councillor Rory Colville (from 06-12-10)	3,365	2,803	<i>Pension</i>	992	341
			<i>Lump Sum</i>	1,243	92
Enterprise, Energy, Culture and Tourism Spokesperson - Councillor Neil MacKay (from 06-12-10)	3,365	2,803	<i>Pension</i>	777	321
			<i>Lump Sum</i>	973	166
Chair - Helensburgh and Lomond Area Committee - Vivien Dance (from 06-12-10)	3,135	2,803	<i>Pension</i>	973	322
			<i>Lump Sum</i>	1,219	68
Chair - Bute and Cowal Area Committee and Spokesperson for the Environment (from 06- 12-10)- Councillor Bruce Marshall	3,844	3,447	<i>Pension</i>	1,084	385
			<i>Lump Sum</i>	1,358	122

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

SENIOR EMPLOYEES' PENSION BENEFITS

The pension entitlements for senior employees for the year to 31 March 2011 are shown in the table below, together with the contribution made by the Council to each senior employee's pension during the year.

Senior Officers	In-year pension contributions			Accrued pension benefits	
	For year to 31 March 2011 £	For year to 31 March 2010 £		As at 31 March 2011 £	Difference from 31 March 2010 £
Chief Executive - Sally Loudon	21,085	19,525	<i>Pension</i>	28,399	2,662
			<i>Lump Sum</i>	73,567	2,012
Director of Community Services - Cleland Sneddon (from 17-05-10)	14,028	-	<i>Pension</i>	20,949	-
			<i>Lump Sum</i>	55,135	-
Director of Customer Services - Douglas Hendry	16,812	15,594	<i>Pension</i>	33,954	2,322
			<i>Lump Sum</i>	91,624	1,234
Director of Development and Infrastructure Services - Sandy MacTaggart	16,619	11,553	<i>Pension</i>	9,338	3,628
			<i>Lump Sum</i>	18,850	5,070
Head of Strategic Finance (Section 95 Financial Officer) - Bruce West	12,448	11,547	<i>Pension</i>	26,066	1,741
			<i>Lump Sum</i>	71,358	1,723
Head of Children and Families (Section 3 Social Work Officer) - Dougie Dunlop	12,437	11,553	<i>Pension</i>	21,764	1,647
			<i>Lump Sum</i>	58,430	1,427
Head of Improvement and HR - Jane Fowler	12,437	8,192	<i>Pension</i>	18,076	6,390
			<i>Lump Sum</i>	47,368	14,678

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

CLlr Dick Walsh
Leader

Sally Loudon
Chief Executive

27 June 2011