

Remuneration Report

This report has been written to provide details of the Moray Council's remuneration arrangements for its senior councillors and senior employees. This is required under the Local Authority Accounts (Scotland) Amendment Regulations 2011.

All information disclosed in tables 1 to 7 in this Remuneration Report will be audited by the Council's external auditors, PricewaterhouseCoopers LLP. The other sections of the Remuneration Report will be reviewed by PricewaterhouseCoopers LLP to ensure that they are consistent with the financial statements.

Remuneration of Councillors

The remuneration of councillors is regulated by the Local Governance (Scotland) Act 2004 (Remuneration) Amendment Regulations 2013 (SSI No.2013/351). 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. In the Moray Council, at 31 March 2015, the Council has a Leader who is the Political Head of the Council and a Convener who is the Civic Head of the Council. A senior councillor is a councillor who holds a significant position of responsibility in the Council's political management structure.

The salary that is paid to the Leader of the Council is set out in the above Regulations. For 2014/15 the salary for the Leader of Moray Council was £27,602. The Regulations permit the Council to remunerate one Civic Head and set out the maximum that may be paid to that Civic Head (the Convener). Council policy is to pay at the national maximum which is 75 per cent of the remuneration paid to the Council Leader, namely £20,702.

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 Moray Council for remuneration of all of its senior councillors shall not exceed £167,679. 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 policy is to remunerate the leader of the largest Opposition Group and Committee Chair persons as senior councillors, each receiving the maximum permitted amount of £20,702.

In 2014/15, The Moray Council had eight senior councillors and the remuneration relating to the financial year 2014/15 totalled £165,616. The legislation also allowed for a backdated increase in remuneration for the year ended 31 March 2014. For this period, the salary for the Leader of the Council was £27,329 with the Convener salary set at 75 per cent of this at £20,497. The senior councillor salary was also £20,497. As the legislation was only approved in February 2014, the Leader, Convener and senior councillors all received a backdated pay award in April 2014 for the year ended 31 March 2014. 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.

In addition to the senior councillors of the Council, the Regulations also set out the remuneration payable to councillors with the responsibility of a Convener or a Vice-Convener of a Joint Board such as a Valuation Joint Board. The Regulations require the remuneration to be paid by the Council of which the convener or vice-convener (as the case may be) is a member. The Council is also required to pay any pension contributions arising from the convener or vice-convener being a member of the Local Government Pension Scheme.

The Convener of the Grampian Valuation Joint Board is a Moray Council councillor. The Council is reimbursed by the Grampian Valuation Joint Board for any additional remuneration paid to the member from being the Convener of that Board. No reimbursement was necessary in 2014/15 as the Convener of Grampian Valuation Joint Board is already paid a senior councillor salary by the Moray Council for his role as chair of the Licensing committee.

A Moray Council councillor was appointed as Vice Convener of the Northern Community Justice Authority at the meeting of the Authority on 13 March 2015 and is entitled to receive an additional allowance for their role as Vice Convener of the Authority. This allowance will be fully reimbursed by the Northern Community Justice Authority.

Remuneration paid to senior councillors, the convener and the Leader of the Moray Council are detailed on Table 1 and details of remuneration of all councillors, including senior councillors are shown in Table 2.

Remuneration Report (continued)

Remuneration of Senior Employees

The Local Authority Accounts (Scotland) Amendment Regulations 2011 require remuneration information to be disclosed for senior employees. A senior employee is any employee who meets one or more of the following criteria:

- i) A person who has responsibility for the management of a local authority to the extent that the person has power to direct or control the major activities of the authority whether solely or collectively with other persons.
- ii) A 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.
- iii) A person whose annual remuneration, including any annual remuneration from a local authority subsidiary body is £150,000 or more.

During 2014/15, the senior employees in the Moray Council were the Chief Executive and three Corporate Directors with portfolio responsibilities for Corporate Services, Education and Social Care and Economic Development, Planning and Infrastructure Services. Remuneration details are shown on Table 3 attached.

The salary of senior employees is set by reference to national arrangements. The Scottish Joint Negotiating Committee (SJNC) sets the salaries for the Chief Executives of Scottish Local Authorities. Circular CO/146, issued on 20 December 2013 provides details of salary scales to be paid to Chief Officers for the period 1 April 2013 to 31 March 2015. The salaries of Directors are based on 84 percent of the Chief Executive's salary.

Pension Benefits

Pension benefits for councillors and local government employees are provided through the Local Government Pension Scheme (LGPS) and for teachers and former teachers through the Scottish Public Pensions Agency. Details of pension benefits paid are included on Table 4 and Table 5 attached.

Councillors' pension benefits are based on career average pay. For benefits earned up to 31 March 2015, 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 in 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. Benefits earned from 1 April 2015 are based on a revised method of calculating career average pay.

For local government employees and teachers, up until 31 March 2015 pension benefits accrued are based on final salary. 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. Benefits earned from 1 April 2015 are based on career average.

The scheme's normal pension age for both councillors and employees is 65 for benefits up to 31 March 2015 and the State Pension Age for benefits built up after 1 April 2015.

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 SJC employees.

Remuneration Report (continued)

Pension Benefits (continued)

The member contribution rates for 2014/15 are the same as 2013/14, however the earning bands have changed for 2014/15 and are shown as follows (2013/14 figures are in brackets):

Whole time pay (2013/14 in brackets)	Contribution rate 2014/15	Contribution rate 2013/14
On earnings up to and including £20,335 (£19,800)	5.5%	5.5%
On earnings above £20,335 and up to £24,853 (£19,800 - £24,200)	7.25%	7.25%
On earnings above £24,853 and up to £34,096 (£24,200 - £33,200)	8.5%	8.5%
On earnings above £34,096 and up to £45,393 (£33,200 - £44,200)	9.5%	9.5%
On earnings above £45,393 (£44,200)	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 a lump sum up to the limit set by the Finance Act 2004. Up until 31 March 2015, the accrual rate guarantees a pension based on 1/60th of the 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 the final pensionable salary and years of pensionable service). From 1 April 2015, the accrual rate guarantees a pension of 1/49th of pensionable pay for each year. At the end of each year the benefits are revalued and increased by inflation.

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.

General Disclosure by Pay Band

The Regulations require information to be provided for the number of persons whose remuneration is £50,000 or more. This information is disclosed in bands of £5,000 and is shown on Table 6.

Exit Packages

Exit packages are payable as a result of the employer's decision to terminate an employee's employment before their retirement date or an employee's decision to accept voluntary redundancy in exchange for those benefits. Packages include redundancy payments and payments to the pension fund for early retirement. In February 2013, the Council agreed a revised scheme to allow employees to apply for Voluntary Early Retirement or Voluntary Severance if they are employed in a service where jobs may be at risk. The scheme no longer allows for any enhancement to retirement benefits in the form of added years service. Table 7 shows the number of employees who have accepted exit packages over the last two years and the total cost of these packages.

Remuneration Report (continued)

The following tables provide details of the remuneration paid to the Council's senior councillors and senior employees.

TABLE 1: Remuneration of Senior Councillors and Conveners and Vice-Conveners of Joint Boards

Councillor Name and Responsibility	Salary, fees and allowances	Taxable Expenses	Total Remuneration 2014/15	Total Remuneration 2013/14
	£	£	£	£
Senior Councillors				
Allan G Wright: Leader of the Council until 31 December 2014. Convener of the Council from 1 January 2015 (Note 1)	26,171	-	26,171	27,058
Stewart Cree: Convener of the Council until 31 December 2014. Leader of the Council from 1 January 2015 (Note 1)	22,606	-	22,606	20,294
John Cowe: Chair, Economic Development & Infrastructure	20,905	-	20,905	20,294
Lorna Creswell: Chair, Health & Social Care from 20 November 2013	20,775	-	20,775	7,339
John A Divers: Vice Convener, Northern Criminal Justice Authority from 13 March 2015 (Note 2)	1,024	-	1,024	-
Gordon McDonald: Chair, Audit Performance & Review	20,905	-	20,905	20,294
Eric M McGillivray JP: Chair, Communities (Resigned 31 July 2015)	20,905	-	20,905	20,294
Pearl B Paul: Leader of the largest opposition group	20,905	-	20,905	20,294
Douglas G Ross: Chair, Planning & Regulatory Services until 17 November 2014 (Note 3)	13,305	-	13,305	20,294
Ronald H Shepherd JP: Chair, Licensing and Convener of Grampian Valuation Joint Board (Note 4)	20,905	-	20,905	20,294
Anne Skene: Chair, Children & Young People	20,905	-	20,905	20,294
Chris Tuke: Chair, Planning & Regulatory Services from 18 November 2014 (Note 3)	7,600	-	7,600	-
Total	216,911	-	216,911	196,749

Remuneration Report (continued)

TABLE 1: Remuneration of Senior Councillors and Conveners and Vice-Conveners of Joint Boards (continued)

Note 1 Councillor Wright and Councillor Cree swapped roles on 1 January 2015, Councillor Cree became Leader and Councillor Wright became Convener from this date.

Note 2 Councillor Divers was appointed as Vice Convener of the Northern Community Justice Authority at their meeting on 13 March 2015. From this date he was due to receive a special responsibility allowance in accordance with 'The Management of Offenders etc. (Scotland) Act 2005 (Members' Remuneration and Supplementary Provisions) Order 2008'. The allowance for the year 2014-15 was £3,107 and this will be fully reimbursed by the Northern Community Justice Authority for the period from 13 March to 31 March 2015.

Note 3 Councillor Ross was removed from his role as Chair of the Planning and Regulatory Service Committee and was replaced by Deputy Chair Councillor Tuke with effect from 18 November 2014.

Note 4 Councillor Shepherd is Convener of the Grampian Valuation Joint Board. He does not receive an additional allowance as he is already paid a senior councillor salary by the Moray Council for his role as Chair of the Licensing Committee.

TABLE 2: Remuneration paid to Councillors

The Council paid the following salaries, allowances and expenses to all councillors (including the senior councillors above) during the year.

Type of Remuneration	2014/15	2013/14
	£	£
Salaries	476,789	466,890
Allowances	-	-
Expenses	42,183	45,797
TOTAL	518,972	512,687

Remuneration Report (continued)

TABLE 3: Remuneration of Senior Employees of the Council

Name and Post Title	Salary, fees and allowances	Taxable Expenses	Total Remuneration 2014/15	Total Remuneration 2013/14
	£	£	£	£
Roderick D Burns – Chief Executive	104,257	-	104,257	104,598
Laurence Findlay – Corporate Director (Education and Social Care) from 1 September 2014 (Note 1)	50,851 Full year equivalent (£87,411)	-	50,851	-
Rhona Gunn – Acting Corporate Director (Environmental Services) from 9 October 2014 (Note 2)	41,791 Full year equivalent (£87,411)	-	41,791	-
Mark Palmer – Corporate Director (Corporate Services) (Note 3)	93,166	-	93,166	88,399
Sandy Riddell – Corporate Director (Education and Social Care) until 31 August 2014 (Note 1)	36,945 Full year equivalent (£87,411)	-	36,945	88,314
Jill Stewart, Acting Corporate Director (Environmental Services) until 9 October 2014 (Note 2)	46,138 Full year equivalent (£87,411)	-	46,138	29,039
TOTAL	373,148	-	373,148	310,350

Note 1 Sandy Riddell left his post as Corporate Director of Education and Social Care on 31 August 2014. Laurence Findlay was appointed as Acting Corporate Director of Education and Social Care from 1 September 2014 and was formerly appointed to the post in October 2014. The remainder of his remuneration for the year is not disclosed as it relates to non-director duties.

Note 2 Jill Stewart retired from her post as Acting Corporate Director of Environmental Services on 9 October 2014. Rhona Gunn was subsequently appointed to this post from 9 October 2014. The remainder of her remuneration for the year is not disclosed as this relates to non-director duties.

Note 3 Mark Palmer's remuneration includes payments that he received in his role as Returning Officer. Some of the costs are refunded by the Scottish Government.

Remuneration Report (continued)

Pension Benefits

TABLE 4: Senior Councillors

The pension entitlements for senior councillors for the year to 31 March 2015 are shown in the table below, together with the contribution made by the Council to each senior councillor's pension during the year.

	In-year pension contributions			Accrued pension benefits	
	For the year to 31 March 2015	For the year to 31 March 2014		As at 31 March 2015	Difference from March 2014
	£	£		£000	£000
Senior Councillors					
Allan G Wright: Leader of the Council until 31 December 2014. Convener of the Council from 1 January 2015	5,051	5,222	Pension Lump Sum	3 -	1 -
Stewart Cree: Convener of the Council until 31 December 2014. Leader of the Council from 1 January 2015	4,363	3,917	Pension Lump Sum	3 2	1 -
John Cowe: Chair, Economic Development & Infrastructure	4,035	3,917	Pension Lump Sum	1 -	1 -
Lorna Creswell: Chair, Health & Social Care	4,010	1,416	Pension Lump Sum	1 -	- -
John A Divers: Vice Convener of the Northern Justice Authority from 13 March 2015	198	-	Pension Lump Sum	1 -	- -
Gordon McDonald: Chair, Audit Performance & Review	4,035	3,917	Pension Lump Sum	3 2	1 -
Eric M McGillivray JP: Chair: Communities (Resigned 31 July 2015)	4,035	3,917	Pension Lump Sum	3 2	1 -
Pearl B Paul: Leader of the largest opposition group	4,035	3,917	Pension Lump Sum	4 2	1 -
Douglas G Ross: Chair, Planning & Regulatory Services until 17 November 2014	2,568	3,917	Pension Lump Sum	1 -	1 -
Anne Skene: Chair, Children & Young People	4,035	3,917	Pension Lump Sum	1 -	- -
Chris Tuke: Chair, Planning & Regulatory Services from 18 November 2014	1,467	-	Pension Lump Sum	1 -	- -
TOTAL	37,832	34,057		30	7

Councillor Ronald H Shepherd JP is not a member of the Local Government Pension Scheme.

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

Remuneration Report (continued)

TABLE 5: Senior Employees

The pension entitlements of Senior Employees for the year to 31 March 2015 are shown in the table below, together with the contribution made by the Council to each Senior Employee's pension during the year.

	In-year pension contributions			Accrued pension benefits	
	For the year to 31 March 2015	For the year to 31 March 2014		As at 31 March 2015	Difference from March 2014
	£	£		£000	£000
Roderick D Burns – Chief Executive	20,122	20,181	Pension Lump Sum	45 104	2 -
Laurence Findlay – Corporate Director (Education and Social Care) from 1 September 2014	9,814	-	Pension Lump Sum	16 38	1 -
Rhona Gunn – Corporate Director (Environmental Services) from 9 October 2014	8,066	-	Pension Lump Sum	17 27	3 3
Mark Palmer – Corporate Director (Corporate Services)	17,981	17,014	Pension Lump Sum	29 61	1 -
Sandy Riddell – Corporate Director (Education and Social Care) until 31 August 2014	7,130	16,998	Pension Lump Sum	42 101	1 -
Jill Stewart – Corporate Director (Environmental Services) until 9 October 2014	8,905	5,605	Pension Lump Sum	35 81	4 8
TOTAL	72,018	59,798		596	23

All senior employees shown in the tables above are members of the Local Government Pension Scheme (LGPS). The accrued pension benefits figures shown above relate to the benefits that the person has accrued as a consequence of their total local government service and not just their current appointment.

Remuneration Report (continued)

TABLE 6: General Disclosure by Pay Band

The following table provides details of the number of people paid by the Council whose remuneration is £50,000 or more. The Table includes the remuneration of the senior employees detailed above.

Remuneration Band	Number of employees	
	2014/15	2013/14
£50,000 - £54,999	51	28
£55,000 - £59,999	25	24
£60,000 - £64,999	4	2
£65,000 - £69,999	-	2
£70,000 - £74,999	12	12
£75,000 - £79,999	1	1
£80,000 - £84,999	1	-
£85,000 - £89,999	-	2
£90,000 - £94,999	1	-
£100,000 - £104,999	1	1
Total	96	72

TABLE 7: Exit Packages

The following table shows the number of employees who have been awarded exit packages over the last two years. The information is in rising bands of £20,000 up to £100,000 and bands of £50,000 thereafter. The costs include redundancy costs and payments to the pension fund for early retirement.

Exit Packages						
Banding	2014/15			2013/14		
	Compulsory Redundancies	Other Departures	Total Cost	Compulsory Redundancies	Other Departures	Total Cost
	Number of Employees	Number of Employees	£	Number of Employees	Number of Employees	£
£0 - £20,000	8	-	53,528	11	15	96,865
£20,001 - £40,000	1	-	32,622	-	5	117,186
£80,001 - £100,000	1	-	86,560	1	1	173,478
Total	10	-	172,710	12	21	387,529

Remuneration Report (continued)

Termination Benefits

During 2014/15 the Council terminated the contracts of 10 employees. The contracts were terminated as a result of either budget savings, the redesign of Council services or Council restructuring. The cost to the Council was £0.089M comprising redundancy payments only (£0.188M 2013/14).

Payments to the pension fund for early retirement are not included in the termination benefits figures above.

Councillor Stewart Cree
Leader of the Council

Roderick D Burns
Chief Executive

16 September 2015