

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 2014.

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 and Severance Payments) Amendment Regulations 2015 (SSI No.2015/7). 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 2016, 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 2015/16 the salary for the Leader of Moray Council was £27,878. 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 £20,909.

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 £169,358. 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 £20,909.

In 2015/16, The Moray Council had eight senior councillors and the remuneration relating to the financial year 2015/16 totalled £161,429. 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. The Convener of Grampian Valuation Joint Board was being paid a senior councillor salary by the Moray Council for his role as chair of the Licensing committee until he stood down on 10 November 2015. He continued in his role as Convener of the Grampian Valuation Joint Board after this date and has been paid an additional allowance which has been reimbursed by the Board.

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 held this post until he was appointed Convener of the Authority from 11 September 2015. He received an allowance for this additional responsibility which has been fully reimbursed to the Council from 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 2014 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 2015/16, 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/148, issued on 2 October 2015 provides details of salary scales to be paid to Chief Officers for the period 1 April 2015 to 31 March 2017. 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 the same method of calculating career average pay as described below for local government employees.

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. This means that each year the amount of pension built up is based on a proportion of pensionable pay earned in the year. At the end of each scheme year (31 March), the cumulative amount built up is adjusted in line with the cost of living.

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 2015/16 are the same as 2014/15, however the earning bands have changed for 2015/16 and are shown as follows (2014/15 figures are in brackets):

Whole time pay (2014/15 in brackets)	Contribution rate 2015/16	Contribution rate 2014/15
On earnings up to and including £20,500 (£20,335)	5.50%	5.50%
On earnings above £20,500 and up to £25,000 (£20,335 - £24,853)	7.25%	7.25%
On earnings above £25,000 and up to £34,400 (£24,853 - £34,096)	8.50%	8.50%
On earnings above £34,400 and up to £45,800 (£34,096 - £45,393)	9.50%	9.50%
On earnings above £45,800 (£45,393)	12.00%	12.00%

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 (1/57th for teachers) 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 2015/16	Total Remuneration 2014/15
	£	£	£	£
Senior Councillors				
Stewart Cree: Leader of the Council	27,878	-	27,878	22,606
Allan G Wright: Convener of the Council	20,909	-	20,909	26,171
George Alexander: Chair, Communities from 11 November 2015 (Note1)	8,077	-	8,077	-
Gary Coull: Leader of the largest opposition group from 19 August 2015 (Note 2)	12,889	-	12,889	-
John Cowe: Chair, Economic Development & Infrastructure	20,909	-	20,909	20,905
Gordon Cowie: Chair, Licensing from 11 November 2015 (Note 3)	8,077	-	8,077	-
Lorna Creswell: Chair, Health & Social Care and Integrated Joint Board	20,909	-	20,909	20,775
John A Divers: Vice Convener, Northern Criminal Justice Authority to 10 September 2015 and Convener from 11 September 2015 (Note 4)	20,442	-	20,442	1,024
Gordon McDonald: Chair, Audit and Scrutiny	20,909	-	20,909	20,905
Eric M McGillivray JP: Chair, Communities (Resigned 31 July 2015) (Note 1)	6,989	-	6,989	20,905
Pearl B Paul: Leader of the largest opposition group until 18 August 2015 (Note 2)	8,020	-	8,020	20,905
Ronald H Shepherd JP: Chair, Licensing until 10 November 2015 and Convener of Grampian Valuation Joint Board (Note 3)	20,909	-	20,909	20,905
Anne Skene: Chair, Children & Young People	20,909	-	20,909	20,905
Chris Tuke: Chair, Planning & Regulatory Services	20,909	-	20,909	7,600
Total	238,735	-	238,735	203,606

Remuneration Report (continued)

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

Note 1 Councillor McGillivray JP resigned from his post as Chair of the Communities Committee on 31 July 2015. Councillor Alexander was appointed to this role on 11 November 2015.

Note 2 Councillor Paul stepped down from her role as Leader of the largest opposition group on 18 August 2015. Councillor Coull took up this position from 19 August and was paid a senior councillor salary from this date.

Note 3 Councillor Shepherd stood down from his post of Chair of the Licensing Committee on 10 November 2015 and Councillor Cowie was appointed to this role from 11 November 2015. Councillor Shepherd received a senior councillor allowance from the Moray Council for his role as Chair of the Licensing Committee until 10 November and then received a special responsibility allowance for his role as Convener of the Grampian Valuation Joint Board from 11 November 2015. The special responsibility allowance has been fully reimbursed by the Grampian Valuation Joint Board.

Note 4 Councillor Divers was appointed as Vice Convener of the Northern Community Justice Authority at their meeting on 13 March 2015. He continued in this position until 11 September when he was appointed as Convener of the Authority. The allowance for the year for both posts has been fully reimbursed by the Northern Community Justice Authority.

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	2015/16	2014/15
	£	£
Salaries	485,386	476,789
Allowances	-	-
Expenses	40,624	42,183
TOTAL	526,010	518,972

Remuneration Report (continued)

TABLE 3: Remuneration of Senior Employees of the Council

Name and Post Title	Salary, fees and allowances	Taxable Expenses	Total Remuneration 2015/16	Total Remuneration 2014/15
	£	£	£	£
Roderick D Burns - Chief Executive	105,803	-	105,803	104,257
Laurence Findlay - Corporate Director (Education and Social Care)	88,804	-	88,804	50,851 (Full year equivalent £87,411)
Rhona Gunn - Corporate Director (Environmental Services) Note 1	90,245	-	90,245	41,791 (Full year equivalent £87,411)
Mark Palmer - Corporate Director (Corporate Services) Note 2	92,120	-	92,120	93,166
TOTAL	376,972	-	376,972	290,065

Note 1 Rhona Gunn was formally appointed to the post of Corporate Director (Environmental Services) on 25 June 2015 having previously served as acting Corporate Director (Environmental Services) from 9 October 2014.

Note 2 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 2016 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 2016	For the year to 31 March 2015		As at 31 March 2016	Difference from March 2015
	£	£		£000	£000
Senior Councillors					
Stewart Cree: Leader of the Council	5,380	4,363	Pension Lump Sum	4 2	1 -
Allan G Wright: Convener of the Council	4,035	5,051	Pension Lump Sum	4 -	1 -
George Alexander: Chair, Communities from 11 November 2015	1,559	-	Pension Lump Sum	1 -	- -
Gary Coull: Leader of the largest opposition group from 19 August 2015	2,488	-	Pension Lump Sum	3 1	- -
John Cowe: Chair, Economic Development & Infrastructure	4,035	4,035	Pension Lump Sum	1 -	- -
Gordon Cowie: Chair, Licensing from 11 November 2015	1,559	-	Pension Lump Sum	1 -	- -
Lorna Creswell: Chair, Health & Social Care and Integrated Joint Board	4,035	4,010	Pension Lump Sum	2 -	1 -
John A Divers: Vice Convener, Northern Criminal Justice Authority to 10 September 2015 and Convener from 11 September 2015	3,945	198	Pension Lump Sum	1 -	- -
Gordon McDonald: Chair, Audit and Scrutiny	4,035	4,035	Pension Lump Sum	4 2	1 -
Eric M McGillivray JP: Chair: Communities (Resigned 31 July 2015)	1,349	4,035	Pension Lump Sum	In receipt of pension	
Pearl B Paul: Leader of the largest opposition group until 18 August 2015	1,548	4,035	Pension Lump Sum	5 2	1 -
Anne Skene: Chair, Children & Young People	4,035	4,035	Pension Lump Sum	1 -	- -
Chris Tuke: Chair, Planning & Regulatory Services	4,035	1,467	Pension Lump Sum	1 -	- -
TOTAL	42,038	35,264		35	5

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 2016 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 2016	For the year to 31 March 2015		As at 31 March 2016	Difference from March 2015
	£	£		£000	£000
Roderick D Burns – Chief Executive	20,417	20,122	Pension Lump Sum	48 105	3 1
Laurence Findlay – Corporate Director (Education and Social Care)	17,138	9,814	Pension Lump Sum	18 38	2 -
Rhona Gunn – Corporate Director (Environmental Services)	17,414	8,066	Pension Lump Sum	21 31	4 4
Mark Palmer – Corporate Director (Corporate Services)	18,267	17,981	Pension Lump Sum	31 62	2 1
TOTAL	73,236	55,983		354	17

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.

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	
	2015/16	2014/15
£50,000 - £54,999	59	51
£55,000 - £59,999	24	25
£60,000 - £64,999	2	4
£65,000 - £69,999	-	-
£70,000 - £74,999	13	12
£75,000 - £79,999	-	1
£80,000 - £84,999	-	1
£85,000 - £89,999	1	-
£90,000 - £94,999	3	1
£100,000 - £104,999	-	1
£105,000 - £109,999	1	-
	-	-
Total	103	96

Remuneration Report (continued)

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	2015/16			2014/15		
	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	2	-	1,522	8	-	53,528
£20,001 - £40,000	-	1	23,920	1	-	32,622
£80,001 - £100,000	-	-	-	1	-	86,560
Total	2	1	25,442	10	-	172,710

Termination Benefits

During 2015/16 the Council terminated the contracts of 3 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 £0.025M comprising redundancy payments only (£0.089M 2014/15).

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

26 September 2016

