

Remuneration Report

Introduction

The Local Authority Accounts (Scotland) Amendment Regulations 2011 (SSI No. 2011/64) amend the Local Authority Accounts (Scotland) Regulations 1985 (SI No. 1985/267) and require Local Authorities in Scotland to prepare a Remuneration Report as part of the statutory Annual Accounts.

All information disclosed in the tables in this Remuneration Report, with the exception of the Tiered Contribution Pay Rates table on page 38, will be audited by the appointed auditors, Audit Scotland and the information reviewed by them to ensure it is consistent with other sections of the Annual Accounts.

Remuneration Policy for the Leader of the Council, the Convener and Senior Councillors

The annual salary of the Leader of the Council and the upper limit for the annual salary of the Convener are set out by the Scottish Government in terms of the Local Governance (Scotland) Act 2004 (Remuneration) Regulations 2007, as amended by the Local Governance (Scotland) Act 2004 (Remuneration) Amendment Regulations 2016. The salary for the Leader of the Council is £28,157 per annum (2015/16, £27,878) and for the Convener is £21,118 per annum (2015/16, £20,909).

In terms of the same Regulations, the Scottish Government permits Moray Council to nominate up to nine Senior Councillors (in addition to the Leader of the Council and the Convener) whose salaries in aggregate must not exceed a specified amount, currently £171,050 (2015/16, £169,358) and whose salaries individually must be on a specified scale, currently £16,893 to £21,118 (2015/16 - £16,726 to £20,909).

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. He received an allowance for this responsibility which has been reimbursed by the Board.

A Moray Council councillor was Convener of the Northern Community Justice Authority until 31 March 2017. He received an allowance for this additional responsibility which has been fully reimbursed to the Council from the Northern Community Justice Authority.

Remuneration Policy for Senior Officers

The salaries of Senior Officers are set by reference to national arrangements. The Scottish Joint Negotiating Committee (SJNC) for Local Authority Services sets out the salary for the Chief Executives of Scottish Local Authorities. Circular CO/148 was issued on 2 October 2015 and covers salary scales to be paid to Chief Officers for the period of 1 April 2015 to 31 March 2017. Corporate Directors receive 84% of the Chief Executive's salary. Moray Council does not pay bonuses or performance related pay.

Remuneration of Senior Officers

The Regulations define a Senior Officer as an employee who meets one or more of the following criteria:

- i) A person who has responsibility for the management of the Local Authority to the extent that the person has the 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; or
- iii) A person whose annual remuneration, including any annual remuneration from a Local Authority subsidiary body, is £150,000 or more.

During 2016/17, the senior employees in Moray Council were the Chief Executive, three Corporate Directors with portfolio responsibilities for Corporate Services, Education and Social Care and Economic Development, Planning and Infrastructure Services and the Head of Financial Services who is the Council's Section 95 Officer.

The term *remuneration* means gross salary, fees and bonuses, allowances and taxable expenses, and compensation for loss of employment. Remuneration details are shown on Table 3 attached. The table outlines the remuneration details for Senior Officers, including prior year figures. The table shows the relevant amounts, before tax and other deductions, for each of the persons named for the year to 31 March 2017. The table contains remuneration details for those persons who were Senior Officers in 2016/17. Salaries are paid monthly.

Remuneration Report (continued)

Remuneration of Senior Councillors

Under the Regulations, remuneration disclosures are to be made for the Leader of the Council, the Convener and any Councillor designated a Senior Councillor. In 2016/17, Moray had seven senior Councillors, (six committee chairs and the Leader of the largest opposition group) and three Regulatory Board chairs; each paid a salary of £21,118 per annum (2015/16, £20,909). The Conveners of the Grampian Valuation Joint Board and the Northern Community Justice Authority were Moray Council councillors in 2016/17. Both councillors received allowances for this additional responsibility which were fully reimbursed to the authority. The Chair of the Moray Integration Joint Board was also a Moray Council councillor until 30 September 2016. From 1 October 2016 she transferred to the post of Vice-Chair of the Board as per the arrangements agreed in para 3.7 of the Health and Social Care Integration Scheme for Moray (March 2015). She received an allowance for this additional responsibility which was fully funded by the Moray Council.

Table 1 shows the relevant amounts, before tax and other deductions, for each of the persons named for the year to 31 March 2017. The table contains remuneration details for those persons who were Senior Councillors in 2016/17. Salaries are paid monthly.

Pension Entitlement

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. The pension is based on the person's pensionable service (how long he or she has been a member of the pension scheme) and his or her pay. For Councillors, the pension is based on "career average" - the aggregate of each year's pay (adjusted by inflation) is divided by the total number of years and part years they have been a member of the LGPS.

For officers, the pension is based on a career average from 1 April 2015. For service before this date, the annual pension is calculated by dividing their pay by 80 (60 for service after 31 March 2009) and multiplying this by their total membership. The normal retirement age (NRA) for service post 1 April 2015 is the same as for the state pension; the NRA for service pre 1 April 2015 is 65. Pensions payable are increased annually in line with changes in the Pensions (Increase) Act 1971 and Section 59 of the Social Security Pension Act 1975. Members may opt to give up (commute) pension for lump sum up to the limit set by the Finance Act 2004.

A LGPS member's contribution depends upon his or hers full time equivalent pay. The tables of rates for 2016/17 and 2015/16 are shown below. The rates and the earnings bands are the same for both years.

Tiered Contribution Pay Rates

Whole time pay (2015/16 in brackets)	Contribution rate 2016/17	Contribution rate 2015/16
On earnings up to and including £20,500 (£20,500)	5.50%	5.50%
On earnings above £20,500 and up to £25,000 (£20,500 - £25,000)	7.25%	7.25%
On earnings above £25,000 and up to £34,400 (£25,000 - £34,400)	8.50%	8.50%
On earnings above £34,400 and up to £45,800 (£34,400 - £45,800)	9.50%	9.50%
On earnings above £45,800 (£45,800)	12.00%	12.00%

The value of benefits in Tables 4 and 5 attached have been provided by the North East Scotland Pension Fund (NESPF) and are calculated on the basis of the age at which the person will first become entitled to a full pension on retirement without reduction on account of its payment at that date: 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 a consequence of their total Local Government service and not just their current appointment.

The pension entitlements for Senior Officers and Senior Councillors for the year to 31 March 2017 are also shown in Tables 4 and 5, together with the contribution made by the Council to each person's pension during the year. The tables contain information for those persons who were Senior Officers or Senior Councillors in 2016/17.

Remuneration Report (continued)

Councillors' Remuneration

The Council paid salaries, allowances and expenses to Councillors (including the Senior Councillors above) as detailed in the Table 2 attached for 2016/17. The annual return of Councillors' salaries and expenses is available to view on the Council's website at <http://moray.gov.uk>.

The annual return of Councillors' salaries and expenses is compiled under Scottish Local Authority Remuneration Committee (SLARC) guidance for public records whereas the Remuneration Report is compiled under a Scottish Statutory Instrument (SSI).

Remuneration of Officers receiving more than £50,000

Table 6 details the number of employees whose remuneration was in excess of £50,000 during 2016/17 in bands of £5,000. The table includes the remuneration of the senior employees highlighted above.

Exit Packages of Employees

The Council has agreed a number of exit packages as detailed on Table 7 attached. The exit packages shown are split between compulsory redundancies and other departures. The figures shown include redundancy and settlement costs for loss of employment. The Council only agrees exit packages where they are consistent with wider workforce planning and service delivery objectives and where the savings accruing from an individual ceasing employment with the Council exceed the costs of the exit package within an acceptable period.

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 2016/17	Total Remuneration 2015/16
	£	£	£	£
Senior Councillors				
Stewart Cree: Leader of the Council	28,157	-	28,157	27,878
Allan G Wright: Convener of the Council	21,118	-	21,118	20,909
George Alexander: Chair, Communities	21,118	-	21,118	8,077
Gary Coull: Leader of the largest opposition group	21,118	-	21,118	12,889
John Cowe: Chair, Economic Development & Infrastructure	21,118	-	21,118	20,909
Gordon Cowie: Chair, Licensing	21,118	-	21,118	8,077
Lorna Creswell: Chair, Moray Integration Joint Board until 30 September 2016. Vice Chair from 1 October 2016 (Note 1)	21,118	-	21,118	20,909
John A Divers: Convener, Northern Criminal Justice Authority	21,118	-	21,118	20,442
Gordon McDonald: Chair, Audit and Scrutiny	21,118	-	21,118	20,909
Ronald H Shepherd JP: Convener of Grampian Valuation Joint Board	21,118	-	21,118	20,909
Anne Skene: Chair, Children & Young People	21,118	-	21,118	20,909
Chris Tuke: Chair, Planning & Regulatory Services	21,118	-	21,118	20,909
Total	260,455		260,455	223,726

Note 1 Councillor Creswell was Chair of the Moray Integration Joint Board until 30 September 2016. She transferred to the position of Vice Chair from 1 October 2016 as per the arrangements agreed in para 3.7 of the Health and Social Care Integration Scheme for Moray (March 2015). She continued to be paid as a senior councillor from this date.

Remuneration Report (continued)

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	2016/17	2015/16
	£	£
Salaries	481,683	485,386
Allowances	-	-
Expenses	37,664	40,624
TOTAL	519,347	526,010

TABLE 3: Remuneration of Senior Employees of the Council

Name and Post Title	Salary, fees and allowances	Taxable Expenses	Total Remuneration 2016/17	Total Remuneration 2015/16
	£	£	£	£
Roderick D Burns - Chief Executive	106,769	-	106,769	105,803
Laurence Findlay - Corporate Director (Education and Social Care)	89,837	-	89,837	88,804
Rhona Gunn - Corporate Director (Environmental Services)	89,985	-	89,985	90,245
Mark Palmer - Corporate Director (Corporate Services) Note 1	96,638	-	96,638	92,120
Margaret Wilson - Head of Financial Services (Section 95 Officer)	74,146	-	74,146	73,229
TOTAL	457,375	-	457,375	450,201

Note 1: 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 2017 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 2017	For the year to 31 March 2016		As at 31 March 2017	Difference from March 2016
	£	£		£000	£000
Senior Councillors					
Stewart Cree: Leader of the Council	5,434	5,380	Pension Lump Sum	5 2	1 -
Allan G Wright: Convener of the Council	4,076	4,035	Pension Lump Sum	5 -	1 -
George Alexander: Chair, Communities	4,076	1,559	Pension Lump Sum	2 -	1 -
Gary Coull: Leader of the largest opposition group	4,076	2,488	Pension Lump Sum	3 1	- -
John Cowe: Chair, Economic Development & Infrastructure	4,076	4,035	Pension Lump Sum	2 -	1 -
Gordon Cowie: Chair, Licensing	4,076	1,559	Pension Lump Sum	1 -	- -
Lorna Creswell: Chair, Moray Integration Joint Board until 30 September 2016. Vice-chair from 1 October 2016.	4,076	4,035	Pension Lump Sum	2 -	- -
John A Divers: Convener, Northern Criminal Justice Authority	4,076	3,945	Pension Lump Sum	2 -	1 -
Gordon McDonald: Chair, Audit and Scrutiny	4,076	4,035	Pension Lump Sum	5 2	1 -
Anne Skene: Chair, Children & Young People	4,076	4,035	Pension Lump Sum	2 -	1 -
Chris Tuke: Chair, Planning & Regulatory Services	4,076	4,035	Pension Lump Sum	2 -	1 -
TOTAL	46,194	39,141		36	8

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 2017 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 2017	For the year to 31 March 2016		As at 31 March 2017	Difference from March 2016
	£	£		£000	£000
Roderick D Burns – Chief Executive	20,605	20,417	Pension Lump Sum	50 106	2 1
Laurence Findlay – Corporate Director (Education and Social Care)	17,335	17,138	Pension Lump Sum	20 38	2 -
Rhona Gunn – Corporate Director (Environmental Services)	17,362	17,414	Pension Lump Sum	23 31	2 -
Mark Palmer – Corporate Director (Corporate Services)	18,171	18,267	Pension Lump Sum	34 62	3 -
Margaret Wilson – Head of Financial Services (Section 95 Officer)	14,301	14,127	Pension Lump Sum	40 87	2 1
TOTAL	87,774	87,363		491	13

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	
	2016/17	2015/16
£50,000 - £54,999	69	59
£55,000 - £59,999	23	24
£60,000 - £64,999	4	2
£65,000 - £69,999	1	-
£70,000 - £74,999	13	13
£75,000 - £79,999	1	-
£85,000 - £89,999	2	1
£90,000 - £94,999	-	3
£95,000 - £99,999	1	-
£105,000 - £109,999	1	1
Total	115	103

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 settlement costs for loss of employment.

Exit Packages						
	2016/17			2015/16		
Banding	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	3	1	26,574	2	-	1,522
£20,001 - £40,000	-	1	30,000	-	1	23,920
Total	3	2	56,574	2	1	25,442

Termination Benefits

During 2016/17 the Council terminated the contracts of 5 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 £0.057M comprising £0.015M of redundancy payments (£0.025M 2015/16) and £0.042M of settlement costs for loss of employment.

Councillor George Alexander

Leader of the Council

Roderick D Burns

Chief Executive

27 September 2017