

**REPORT TO: POLICY & RESOURCES COMMITTEE - 25 JUNE 2012**

**REPORT ON: MEMBERS SALARIES, PENSIONS & EXPENSES**

**REPORT BY: DIRECTOR OF CORPORATE SERVICES**

**REPORT NO: 183-2012**

## **1 PURPOSE OF REPORT**

The purpose of this report is to seek the Council's approval to a Scheme of Salaries and Expenses for elected members, with the scheme to be effective from 21 May 2012.

## **2 RECOMMENDATIONS**

- 2.1 That the Council agrees the contents of this report, including the salaries proposals detailed in Appendix C.
- 2.2 That the Council agrees that a Scheme of Salaries and Expenses based on this report be prepared and issued to all elected members.

## **3 FINANCIAL IMPLICATIONS**

- 3.1 A provision for members salaries, pensions and expenses of £670,000 as detailed in Appendix A is included in the Corporate Services - Finance (General) 2012/13 Revenue Budget.

The revenue costs for members' salaries, pensions and expenses (see Appendix B) shows a projected spend of £665,197 which is within the budget provision.

## **4 BACKGROUND**

- 4.1 The Scottish Local Authorities Remuneration Committee (SLARC) was established under the provisions of the Local Governance (Scotland) Act 2004. The remit of the Committee was to review, prepare and submit to the Scottish Ministers advice in relation to the payment by local authorities of remuneration (including pensions) and allowances to and reimbursement of expenses incurred by members of local authorities.
- 4.2 In January 2006, the SLARC published its report on the "Review of Remuneration Arrangements for Local Authority Councillors" and this report was submitted to Scottish Ministers for their consideration. The Minister for Finance and Public Service Reform issued the Scottish Executive's response to the SLARC report on 23 March 2006 and regulations were laid before the Scottish Parliament on 10 and 20 March 2007.
- 4.3 The SLARC issued its second report in September 2008 and this report considered the remuneration and allowance and maximum expense levels which Councils could pay. The Scottish Government issued regulations to implement the SLARC recommendations and these regulations came into effect on 10 February 2009.
- 4.4 The SLARC issued its third report in November 2009, which considered the remuneration, allowances and reimbursement of expenses for councillors. The Scottish Government issued regulations SSI2010/45 and SSI2010/111 to implement the SLARC recommendations which came into effect on 5 and 6 April 2010 respectively.
- 4.5 A further amendment was made by Scottish Ministers under the Local Governance (Scotland) Act 2004 (Remuneration) Amendment Regulations 2011 (SSI2011/264). The new

regulations relate to councillors remuneration and prohibit local authorities from allowing any body controlled by a single local authority, from making payments to councillors by way of remuneration, other than the reimbursement of authorised and receipted expenses.

- 4.6 The regulations, which have been made in the Scottish Parliament and which give effect to councillors' remuneration, allowances, pensions and reimbursement of expenses are as follows:-

Remuneration

- Local Governance (Scotland) Act 2004 (Remuneration) Regulations 2007
- Local Governance (Scotland) Act 2004 (Remuneration) Amendment Regulations 2008
- Local Governance (Scotland) Act 2004 (Remuneration) Amendment Regulations 2011

Allowances and Expenses

- Local Governance (Scotland) Act 2004 (Allowances and Expenses) Regulations 2007
- Local Government (Allowances and Expenses) (Scotland) Amendment Regulations 2008
- Local Government (Allowances and Expenses) (Scotland) Amendment Regulations 2010
- Local Government (Allowances and Expenses) (Scotland) Amendment (No 2) Regulations 2010

Pensions

- Local Government Pension Scheme (Administration) (Scotland) Regulations 2008
- Local Government Pension Scheme (Benefits, Membership and Contributions) (Scotland) Regulations 2008

## 5 **SALARIES, PENSIONS & EXPENSES**

### 5.1 Salaries

Under the aforementioned regulations, the elected members' salaries for the City Council are detailed below:-

- The Leader of the Administration shall receive a salary of £32,470.
- The Civic Head, ie Lord Provost, shall receive a salary of £24,353.
- In addition to the Civic Head's remuneration, the Council may pay the Lord Provost a civic allowance of up to £3,000. This allowance shall be reimbursed in respect of receipted expenditure which has been incurred by the Civic Head.
- The City Council can pay remuneration to up to 13 Senior Councillors.
- Each local authority shall pay to each of its Senior Councillors an amount to be determined by the authority, but which shall be greater than the basic Councillor's salary.
- The total amount payable to Senior Councillors is determined by a formula and for the City Council this total sum is £263,822.
- Each Council shall not pay its senior Councillors any amount of remuneration as the Leader of Administration, the Civic Head or as a basic Councillor.

- The remaining Councillors who are not the Leader of Administration, Civic Head or Senior Councillors shall each be a Basic Councillor and will receive remuneration of £16,234 per annum.
- In terms of the Police and Fire and Rescue Joint Boards, the regulations permit the payment of remuneration to one Convener and one Vice-Convener for each Joint Board. The remuneration is payable by the local authority of which the Convener or Vice-Convener is a member and then recovered from the Joint Board.
- Since 1995, the Convener and Vice-Conveners of the three Tayside Joint Boards, being Police, Fire & Rescue and Valuation, have rotated between the three Tayside Councils at each election. After the 2012 elections, a City Council Member will be the Convener of Tayside Joint Police Board and the Vice-Convener of Tayside Fire & Rescue Joint Board. It should be noted that these Boards will cease to operate after 1 April 2013 once the new national structures for Police and Fire services come into being.
- The total amount payable to a Dundee elected member as convener of either the Police or Fire & Rescue Joint Boards, when added to his/her Basic Councillor or Senior Councillor remuneration, shall not exceed 75% of the Leader of Administration remuneration, being £24,353.
- In respect of the Vice-Convener of either of the Police or Fire & Rescue Joint Boards, the amount payable shall be an amount which equates to 75% of the Convener's remuneration, and shall not exceed £18,264.
- In terms of any other Joint Board, being Tayside Valuation Joint Board and Tay Road Bridge Joint Board, the Convener shall be paid a total yearly amount of £20,294 (inclusive of any amount payable to the Convener as a Councillor or Senior Councillor), or if greater, the amount payable to the Convener as a Senior Councillor.
- The Vice Conveners of the two Joint Boards referred to immediately above shall be paid a total yearly amount of £19,279 (inclusive of any amount payable to the Vice Convener as a Councillor or Senior Councillor), or if greater, the amount payable to the elected member as a Senior Councillor.
- It should be noted that from May 2012, it is anticipated that a City Council Member will hold the following Joint Board posts at the following salaries:-
 

Convener of Tayside Joint Police Board	£24,353
Convener of Tay Road Bridge Joint Board	£20,294
Vice Convener of Tayside Fire & Rescue Joint Board	£18,264
- It should be noted that an elected member cannot receive more than one salary and he/she will receive the higher salary of the respective posts they are holding.
- If a member is suspended in terms of the Ethical Standards in Public Life etc (Scotland) Act 2000 for a period in excess of 2 calendar months, then the member's remuneration shall be reduced by 50%.

## 5.2 Pensions

Under the pension regulations referred to in Paragraph 6,3, the following conditions will apply:-

- Elected members will have access to the Local Government Pension Scheme (LGPS) and must formally decide if they wish to join the LGPS or not.

- A normal retirement age of 65 will apply to elected members and tiered contributions as per the table below will be applied:-

<b>Full Time Equivalent (FTE) Pensionable Pay 2012/2013</b>	<b>Rate (%)</b>
On earnings up to and including £19,400	5.5
On earnings above £19,400 and up to £23,700	7.25
On earnings above £23,700 and up to £32,500	8.5
On earnings above £32,500 and up to £43,300	9.5
On earnings above £43,300	12

- The pension would be a career average scheme, rather than a final salary, as is the case for employees, to reflect the possibility that elected members may hold positions of responsibility with higher remuneration at various points in their career.

### 5.3 Expenses

Under the expenses regulations referred to in Paragraph 6.6, the following conditions will apply:-

- Expenditure on travel, subsistence or other expenses by an elected member on approved duties must be receipted and will be reimbursed by the local authority.
- Each local authority shall not make any payments to its members by way of travel or subsistence allowances (as opposed to the reimbursement of receipted expenditure incurred) in respect of carrying out any approved duty, except where that is permitted by these Regulations.
- A member of a local authority shall be entitled to receive payments by way of a mileage allowance in respect of travelling (whether inside or outside the United Kingdom) which is reasonably incurred by them for the purpose of enabling them to perform any approved duty as a member of that local authority.
- The mileage allowance in respect of the types and rates of travelling are as follows:-
  - car or van - 45 pence per mile;
  - motorcycle - 24 pence per mile;
  - bicycle - 20 pence per mile;
  - and
  - passenger travelling allowance (where both the member and the passengers are carrying out any approved duties - 5 pence per mile, per passenger.
- Any member of a local authority may claim amounts of expenditure or allowance by completing and lodging a claim form with the local authority,
- The maximum subsistence rates payable by the local authority shall be as follows:-
  - Breakfast (where no overnight subsistence is claimed) - £ 8 per day
  - Lunch - £12 per day
  - Dinner - £25 per day
- Overnight accommodation away from home and local authority premises:-
  - within London - £131.00
  - elsewhere - £110.00
  - staying with friends or family - £ 25.00

- Visits abroad:-
  - Overnight deemed to cover 24 hours per Central London limit - £131.00

The above limit is the maximum amount within which subsistence expenses may be incurred.

If all accommodation/meals etc are provided by host/conference/residential course then a maximum allowance of £40 per 24 hour period may be claimed to cover out of pocket expenses (eg coffees, incidental expenses etc) including hospitality, provided receipts are submitted.

- Road and Bridge tolls (no receipt required) - Actual cost of expenses
- Other transport cost eg parking charges,  
ferry fares, taxi fares and public transport fares      Receipted cost of expenses
- Telephone and computer line rental for use of personal telephone and computer for approved duties      50% of line rental costs
- Other telephone and computer costs (including business calls)      Receipted cost of expense
- Members will be offered a Council contract mobile phone
- It should be stressed that all expenditure, with the exception of road and bridge tolls will only be refunded on production of a receipt.
- Every local authority shall keep a record of the payments of expenditure and allowances made by it in accordance with these Regulations.

#### 5.4 Payment of Salaries and Expenses

The Remuneration Regulations make provision for local authorities to make payments either calendar monthly or every 4 weeks.

Dundee City Council payments of salaries and expenses will be paid on a calendar monthly basis.

## 6 **POLICY IMPLICATIONS**

This report has been screened for any policy implications in respect of Sustainability, Strategic Environmental Assessment, Anti-Poverty, Equality Impact Assessment and Risk Management.

There are no major issues.

## 7 **CONSULTATIONS**

The Chief Executive and Head of Democratic and Legal Services have been consulted on the content of this report.

8      **BACKGROUND PAPERS**

None.

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**JUNE 2012**

**APPENDIX A****REVENUE BUDGET 2012/13****MEMBERS SALARIES & EXPENSES**

	<u>£</u>
Members Allowances	549,266
Allowances National Insurance	41,618
Pension Contribution	65,056
Conferences	2,000
Travel & Subsistence/Car Allowances	10,000
Telephone/IT	<u>2,193</u>
	<u>670,133</u>
Rounded to	<u>670,000</u>

**APPENDIX B****MEMBERS SALARIES, PENSIONS & EXPENSES****REVENUE PROJECTION 2012/13**

	<u>Total</u>
	<u>£</u>
Members Allowances	544,330
Members Allowances National Insurance	41,618
Pension Contribution	65,056
Conferences	2,000
Travel & subsistence/Car Allowances	10,000
Telephone/IT	<u>2,193</u>
Total projected revenue cost 2012/13	<u>665,197</u>

**APPENDIX C****MEMBERS' SALARIES 2012/13**

	<u>EXPENDITURE MET BY CITY COUNCIL</u>	<u>Salary (£)</u>
1	Leader	32,470
2	Lord Provost	24,353
3	Depute Lord Provost	18,264
4	Depute Policy & Resources Convener (specific responsibility for Finance)	21,563
5	Convener of Scrutiny Committee/Leader of Major Opposition Group	21,563
6	Convener City Development Committee	21,563
7	Convener, Environment Committee	21,563
8	Convener Housing Committee	-
9	Convener Education Committee	21,563
10	Convener Social Work and Health Committee	21,563
11	Convener Licensing Committee	-
12	Convener Licensing Board	-
13	Convener Development Management Committee	21,563
14	Depute Convener City Development Committee	18,264
15	Depute Convener, Environment Committee	18,264
16	Depute Convener Housing Committee	18,264
17	Depute Convener Education Committee	18,264
18	Depute Convener Social Work and Health Committee	-
19	Depute Convener Development Management Committee	18,264
20	Basic Councillor Salaries (14 x £16,234)	227,276
	<b>TOTAL SALARIES PAID BY DUNDEE CITY COUNCIL</b>	<b><u>£544,624</u></b>