

Scottish Local Authorities Remuneration Committee

Annual Review of Remuneration for Local Authority Councillors

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Annual Review of Remuneration for Local Authority Councillors

Chairman: Ian Livingstone, CBE, BL, NP, DUniv

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To:

John Swinney MSP
Cabinet Secretary for Finance and Sustainable Growth

- 1 I have pleasure in presenting the third report of the Scottish Local Authorities Remuneration Committee looking into *firstly* remuneration levels for the next 2 years – 2010 to 2012, *secondly* compliance by local authorities on the publication of information on councillors' salaries, allowances and expenses and *thirdly* monitoring civic heads' expenditure.
- 2 As an independent statutory Committee, we have endeavoured to take an objective view. We have also adhered to the criteria you set for the Committee, ensured that these key principles were included in our consideration of the issues, and are reflected in our final recommendations.
- 3 At the time of writing, much ongoing debate on the issue of public sector pay over the next few years has taken place and continues to move apace. However, we have had to take a view on what the outcome, from all these ongoing discussions, might be to enable us to meet your deadline. The present economic situation has thrown up many challenges in trying to be fair, whilst being very conscious of the budgetary pressures anticipated by local authorities over the period covered by this review. Particularly in relation to the 2011-12 financial year, we are venturing into uncharted territory and we recognise that some elected members may be disappointed with the outcome we have recommended. Nevertheless, the vast majority of councillors we met during this review were clear that they would not wish any uplifts to their salaries to be significantly different from that which is being offered to local government staff.
- 4 On compliance, I am pleased to report that 31 of the 32 Councils are now compliant on publication of information on councillors' salaries, allowances and expenses for 2008-09. The other Council has indicated that its publication will be compliant from 2009-10.
- 5 Lastly, you also indicated in December 2008 that you were content, in principle, for the Committee to consider in 2010-11 issues arising from our 2008 review which were outwith the scope of the 2008 review. This report identifies further issues which we would like you to consider in deciding on the scope of the 2010 review.
- 6 The Committee's advice is the result of a genuine team effort. Members have brought to the Committee a wealth of knowledge and experience which has been invaluable in taking our work forward. I am grateful to all members of the Committee and to its Secretary for their support, advice and counsel.

Ian Livingstone
November 2009

CONTENTS

Chapter 1 – Introduction and context of our review	1
Chapter 2 – Summary of recommendations	3
Chapter 3 – Levels of salaries	5
Chapter 4 – Allowances and expenses (including Civic Head)	13
Chapter 5 – Financial implications	18
Chapter 6 – Publication and compliance by Authorities	23
Chapter 7 – Reviewing and updating arrangements for the future and issues for further consideration	27
Annex A – Glossary	31
Annex B – Biographical notes for committee members	32

CHAPTER I – INTRODUCTION AND CONTEXT OF OUR REVIEW

- 1.1 The Scottish Local Authorities Remuneration Committee (SLARC) was established under the provisions of the Local Governance (Scotland) Act 2004.
- 1.2 The Committee was appointed following an open competition which followed public appointment principles. Membership of the Committee is:

Ian Livingstone, CBE, Chairman
Marlene Anderson
Dan Brown
Kate Dunlop
Declan Hall
Mark Irvine
Jack Wilson
Liz Hamilton, Secretary to the Committee

- 1.3 Biographical notes on each Committee member are given at Annex B.
- 1.4 The Committee's remit and requirements for its ongoing work were set by the Cabinet Secretary for Finance and Sustainable Growth on 10 December 2008 as follows:

A: Implementation of recommendations

- To assist the Scottish Government in bringing forward regulations to implement recommendations accepted in the Committee's 2008 Report.
 - To assist the Scottish Government in producing guidance to local authorities in the light of these changes.
- 1.5 In relation to these functions, the Committee worked with the Scottish Government as requested. Regulations came into force in February 2009 and Guidance on Councillors' salaries, allowances and expenses was also issued in February 2009.

B: Levels of remuneration

- Review the level of salary, allowances and re-imburement of expenditure for councillors in the 2010-11 financial year and what might be appropriate uplifts in salary for councillors in the 2011-12 financial year. In making recommendations, the Committee should take cognisance of affordability, current public sector pay policy and pay settlements, and public acceptability.
- Monitor local authorities' use of the Civic Head additional annual funding limits and advise on its appropriateness.
- Monitor compliance with the publication of information on councillors' salaries, allowances and expenses.

C: Report

- The Committee should report, with recommendations, on the remuneration levels by 28 November 2009.
- 1.6 The Cabinet Secretary also indicated that there was a need, exceptionally, to address some of the issues raised during our 2008 Review. He thought, in principle, a timetable from around January 2010 to spring 2011 seemed reasonable but he wished to take the opportunity to consider further the scope of that review.

Sources of evidence

- 1.7 In light of the Cabinet Secretary for Finance and Sustainable Growth's views on our Committee's remit to 2011-12, we considered it important to seek views from those who are directly affected by our recommendations. We took the opportunity to discuss with Councils, issues which had been identified as of concern in our 2008 Report¹. Discussions were held with the Convention of Scottish Local Authorities (COSLA), the Society of Local Authority Chief Executives (SOLACE), the National Association of Councillors (NAC) and with representatives (officers and members) of 11 Councils whom we visited. This allowed us to gather a wide range of views and opinions that helped to inform and develop our deliberations.

Acknowledgements

- 1.8 We are grateful to the representatives of the following Councils and organisations who took time to engage with the Committee and give their views:

City of Edinburgh Council
Convention of Scottish Local Authorities
Dundee City Council
Dumfries and Galloway Council
East Ayrshire Council
Glasgow City Council
Inverclyde Council
National Association of Councillors
Orkney Islands Council
Shetland Islands Council
Society of Local Authority Chief Executives
South Lanarkshire Council
Stirling Council
West Lothian Council

¹ Review of Implementation of Remuneration Arrangements for Local Authority Councillors and Annual Review of Remuneration Levels – September 2008.

CHAPTER 2 – SUMMARY OF RECOMMENDATIONS

Recommendations 1 to 5 inclusive: That all salaries should remain at April 2009 levels over the next 2 financial years (2010-2012). – Pages 8, 10, 11 and 12.

Recommendation 3: That the senior councillor salary should continue to be based on the current formula linking it to that of the Leader. – Page 11.

Recommendation 6: That councillors, in Islands Councils, should be able to claim re-imbusement of receipted expenditure for “inter-island travel” for approved duties only. – Page 14.

Recommendation 7: That, where the Islands Council agrees that it is not feasible to claim re-imbusement of receipted expenditure for “inter-island travel,” councillors should be able to claim £2.00 per nautical mile for “inter-island travel” by private boat for approved duties only. – Page 14.

Recommendation 8: That councillors using their own boat may claim 25p per passenger per nautical mile, provided the councillor and passenger(s) are all undertaking approved Council duties. – Page 14.

Recommendation 9: That overnight subsistence rates should remain at a maximum of £131 per night (for London) and a maximum of £110 per night (for elsewhere in the UK) based on re-imbusement of actual receipted expenditure. – Page 15.

Recommendation 10: That meal subsistence rates should remain at a maximum of £8 for breakfast (where no overnight subsistence is claimed); a maximum of £12 for lunch; and a maximum of £25 for dinner based on re-imbusement of actual receipted expenditure. – Page 15.

Recommendation 11: That the existing structure for reclaiming Civic Head and Depute Civic Head expenses for civic duties undertaken by them, based on the limits set for each Council Banding, should continue. – Page 17.

Recommendation 12: That the Guidance should be revisited to clarify the purpose and use of the Civic Head expenses. – Page 17.

Recommendation 13: That the Scottish Government revise its schedule on the record of claims annual return published, in June each year, by Councils, **as a minimum**, to include the following: – Page 26.

- Name of councillor.
- Position held, e.g. convener of a named committee, leader of main opposition party etc.
- Salary.
- Car and van mileage expenses (sub-divided into 2 columns relating to those claimed by and re-imbursed to the councillor and those met directly by the Council e.g. for pooled cars and chauffeur driven cars (except where chauffeur driven cars have been used by the Civic Head or his/her Depute to enable him/her to undertake their civic duties on behalf of the Council)).
- Other travel (sub-divided into 2 columns relating to those claimed by and re-imbursed to the councillor and those met directly by the Council).
- Subsistence expenses (sub-divided into 2 columns relating to accommodation and meals).
- Training and conference expenses (sub-divided into 2 columns relating to those claimed by and re-imbursed to the councillor and those met directly by the Council).

- Telephone and Information Communication Technology (ICT) expenses, excluding capital costs where the equipment is supplied by the Council and the Council retains ownership of that equipment (sub-divided into 2 columns relating to those claimed by and re-imbursed to the councillor and those met directly by the Council).
- Other allowances and expenses (e.g. Civic Head expenses and staying with friends allowance).
- Total Expenses.
- Total Salary and Expenses.

Recommendation 14: That the Guidance stipulating what should be published by Councils should be clarified further. – Page 26.

Recommendation 15: That Local Authorities should make access to information on councillors' salaries, allowances and expenses published on their websites more transparent and more easily accessible to members of the public seeking such information from that source. – Page 26.

CHAPTER 3 – LEVELS OF SALARIES

- 3.1 The Cabinet Secretary for Finance and Sustainable Growth has asked the Committee to review the level of salary for councillors in 2010-11 and what might be appropriate uplifts in salary in the 2011-12 financial year. In making recommendations, the Committee should take cognisance of
- Affordability.
 - Current public sector pay policy and pay settlements.
 - Public acceptability.

Basic salary for councillors – present situation

- 3.2 Local authority councillors have been in receipt of a salary since May 2007. We last reported on the level of councillor salaries in our 2008 Report, published in September 2008, recommending a basic salary of £15,838 with effect from 1 April 2008 rising to £16,234 with effect from 1 April 2009 (an increase of 2½ per cent in each year). This recommendation was accepted by the Scottish Government.

Basic salary from 2010 – 2012

- 3.3 In our 2008 Report, we looked at the appropriateness of the link to the median Scottish salary. (Councillors' basic salary was, in our 2006 Report, based on 75 per cent of this figure given that the role of councillor should be compatible with holding other responsibilities, for example, employment, voluntary work and caring responsibilities). This had indicated that an increase of around 12 per cent would have been required from April 2008. We considered, at that time, that the link to the median Scottish salary, for uprating purposes, should not be maintained for the following reasons:
- The setting of the basic salary in the first place was a "one-off" exercise designed to establish an appropriate salary figure for councillors and utilisation of the median Scottish salary was a useful tool to this end.
 - To uprate the salary figure by almost 12 per cent would break the criteria of public acceptability, affordability and public sector pay policy.
 - There was a general consensus in local authorities that, in terms of pay increases, councillors should fare similarly to local government officers.
 - Taking account of all these factors, and the need to retain flexibility in the uprating arrangements, we considered that the link was not appropriate for the 2008 uprating exercise.
- 3.4 The Annual Survey of Hours and Earnings 2008 (ASHE) published in November 2008 indicated that the median Scottish salary (full time) is £24,027. This is an increase of 4.13 per cent over the 2007 figure of £23,075. Applying 75 per cent of this figure to councillors would suggest a salary of £18,020 which would give an increase over the basic salary of £16,234 (from 1 April 2009) of 11 per cent. As indicated above, to uprate the salary figure by 11 per cent would break the criteria of affordability, public sector pay policy and public acceptability. Further, it would exceed public sector pay settlements covering the period up to 2011 by a considerable margin. We concluded that the link to the median Scottish salary was not appropriate to the 2009 review of salaries up to March 2012 but we would not wish to rule it out for a future review.

Public sector pay policy

- 3.5 The Cabinet Secretary for Finance and Sustainable Growth outlined the terms of current public sector pay policy in May 2009. This related to any pay settlement commencing between May 2009 and April 2010 (inclusive). It was set in the face of difficult economic conditions and considerable

uncertainty, emphasising the need to spend available resources in the best possible way through maintaining affordable and sustainable pay settlements. The public sector pay policy framework has been tightly drawn, with strict limits within which we could make recommendations.

- 3.6 The policy document² specified areas to which it would not apply. These were areas where pay increases were determined elsewhere e.g. the National Health Service, teachers, police and fire services in Scotland, Senior Civil Service and local government staff. Ultimately, the pay of local government staff is a matter for Scottish local authorities.
- 3.7 Under public sector pay policy, the basic award must not exceed 1.5 per cent in any of the years of the pay remit. However, during 2009-10, it is possible to put in place pay awards for 1 or 2 years. The remit set by Scottish Ministers at the outset of our review is, therefore, in line with public sector pay policy.

Pay settlements and pay offers

- 3.8 A number of 3 year pay deals were agreed in 2008 covering 2008-09, 2009-10 and 2010-11.
- Teachers' current settlement is 2.25 per cent from 1 April 2008, a further 2.5 per cent from 1 April 2009 and a further 2.4 per cent from 1 April 2010.
 - Police were awarded an increase of 2.65 per cent from September 2008 with a further 2.6 per cent from September 2009 and 2.55 per cent from September 2010.
 - Scottish Government staff were awarded 2 per cent per annum in each of the 3 years from 1 August 2008 and
 - Local Authority Chief Executives and Chief Officers were awarded 2.5 per cent per annum in each of the 3 years from 1 April 2008.
- 3.9 We considered whether these settlements remained relevant in determining any change in the levels of councillors' salaries. Without exception, the 3 year pay deals were agreed in a very different economic climate to that which we currently face. These pay settlements are more generous than the current limits imposed under public sector pay policy and, following on from discussions with Councils and others about the likely impact on their budgets over the next couple of years, are unlikely to be affordable. We therefore concluded these pay settlements could not provide a basis for our current recommendations on councillors' remuneration.
- 3.10 Examples of other settlements and offers include:
- In accordance with the national agreements, Local Government staff received 3 per cent from 1 April 2008 and a further 2.5 per cent from 1 April 2009.
 - Fire and rescue services received 1.25 per cent from 1 July 2009 to June 2010.
 - Local government staff in England and Wales accepted a 1 per cent pay increase from April 2009 for all but the lowest paid staff who received 1.25 per cent. The original offer from Employers was for a 0.5 per cent increase.
 - Senior civil servants and judges recommendation was for a 2.1 per cent increase but this was reduced to 1.5 per cent from April 2009.
 - Senior military officers received 2.8 per cent from April 2009.
 - MPs and MSPs received 2.33 per cent, raising MSP salary levels from £55,381 to £56,671 from April 2009.
 - Scottish Ministers chose not to accept any pay increase in 2009-10.

None of these settlements covers the period of the current review, namely 2010-11 and 2011-12.

² Public Sector Pay Policy for Staff Remits 2009-10 – May 2009.

Public acceptability

- 3.11 In the private sector many employees are subject to a pay freeze in the current year, with the possibility of this continuing in subsequent years. Reduced working is a factor across many sectors and unemployment is rising at an increasing rate. Whilst events in the private sector may not seem, on the surface, to have a bearing on consideration of councillors' remuneration, these will have an impact on individual constituents in councillors' own wards.
- 3.12 Politicians' salaries and expenses will also continue to be of interest following on from recent concerns expressed about salaries and expenses of MPs. At a time when ordinary people are facing unemployment and financial uncertainty, and the country generally is facing severe economic constraints in public sector budgets, councillors cannot be immune from the impact of the current economic climate.

Councillor pay levels from April 2010

- 3.13 It is clear that the criteria for undertaking this review and the current economic climate offered us challenges in making recommendations on salary levels which should apply from April 2010 and what might be appropriate from April 2011. We have looked at all the criteria set for this review and decided that affordability should be the primary factor we consider in making recommendations for change at this time.
- 3.14 Councils were concerned about the impact public sector cuts would have on their budgets for 2010-11. They indicated that they were assuming budgets would be reduced by 33 per cent of the £521 million reduction in the Scottish Block funding. They were also assuming that there would be even further reductions in budgets forecast in the 3 years from 2011. Further, councillors themselves indicated that they would not wish any recommendations made on the level of their salaries to be out of step with that which would be offered to local government staff. However, that outcome was not available to us and there was no scope for us to suggest that decisions on the levels of councillors' salaries should be delayed until the outcome of negotiations on local government staff pay was known.
- 3.15 We were also very conscious of the impact the current financial environment has had on the scope to offer salary increases. Discussions, within the national context, are ongoing in relation to public sector pay in the future, with views on how these should be handled regularly changing. Uplifts offered in the course of current public sector pay policy have generally been around 1.25 per cent to 1.5 per cent per year. The only settlements which span the period we have been asked to consider relate to those agreed under 3 year deals negotiated in a very different economic climate. All other public sector settlements were for one year only i.e. up to 2010. Whilst these have, so far, been within the levels suggested in current public sector pay policy, our recommendations for the two years beyond 2009-10 essentially took us into uncharted territory.
- 3.16 All the evidence gathered suggests that councillors were sensitive to the widely different economic climate in which any adjustments to their salary levels would be considered. In addition, a significant number of councillors indicated a need to show leadership around salary and organisational issues and maximising services.

- 3.17 Suggesting recommendations for change at this time and linking these to affordability, current public sector pay policy, pay offers and settlements, and public perception has been challenging. Further, it will be extremely difficult for Councils to propose budgets that would meet their statutory obligations. We have noted councillors' views that they would not wish any uplift in their salaries to be significantly different from any pay increase offered to staff. As the starting point in staff pay negotiations is 0 (zero) per cent and, as there seems little prospect, at this juncture, of any significant staff pay increase over the next 2 years, the logical step in terms of councillors' salaries would seem to be to propose no change between 2010 and 2012.

Councillors' basic salary

- 3.18 Taking account of all of these factors, we recommend that the basic salary should remain at the April 2009 level for the next 2 financial years (2010-11 and 2011-12). However, we consider it is also important that the principle of whether or not the basic salary for councillors is set at the right level after taking account of time commitments and workload needs to be addressed. This is dealt with in more depth in Chapter 7.

Recommendation 1: We recommend that the basic salary should remain at £16,234 per annum over the next 2 financial years (2010-2012).

Council Leaders and senior councillors

- 3.19 We remain of the view that there is still a need to remunerate appropriately those councillors who hold senior positions in the Council and whose roles carry heavy or particularly challenging responsibilities.
- 3.20 The principles which we consider remain important in determining the arrangements for paying senior councillors are:
- The number of councillors receiving higher salaries should be a minority. Arrangements should therefore explicitly prevent paying higher salaries to all councillors or to a majority of councillors.
 - Councils should have reasonable flexibility, within a sensible framework, to determine which posts should attract enhanced salaries.
 - Councils should have reasonable flexibility, within a sensible framework, to determine the salary which should apply to these posts.
 - The Leader or Convener (where that term is used instead of Leader) of the Council should be paid more than any other councillor to reflect the extent of his/her additional responsibility.
- 3.21 The bandings of Councils, previously accepted, for the purpose of determining salaries for Leaders and senior councillors are unchanged.

Table I

Band A		
Clackmannanshire East Lothian East Renfrewshire Eilean Siar	Inverclyde Midlothian Moray Orkney Islands	Shetland Islands Stirling
Band B		
Angus Argyll & Bute Dumfries & Galloway Dundee City East Ayrshire	East Dunbartonshire Falkirk North Ayrshire Perth & Kinross Renfrewshire	Scottish Borders South Ayrshire West Dunbartonshire West Lothian
Band C		
Aberdeen City Aberdeenshire	Fife Highland	North Lanarkshire South Lanarkshire
Band D		
City of Edinburgh	Glasgow City	

Leaders' salaries

3.22 For the Leaders of Councils our view remains that the salary level should:

- Reflect adequately the level of responsibility held.
- Recognise that Leaders' roles are similar in scope across all Councils, but the weight of responsibilities differs.
- Recognise that it is likely to be difficult for the Leader to have employment outwith the Council.
- Recognise that the Leader holds the most senior position in the Council hierarchy.

3.23 In our 2008 Report, we recommended that Council Leaders' salaries should increase by 2.5 per cent from 1 April 2008 and by a further 2.5 per cent from 1 April 2009. This was in line with a number of pay settlements being offered in the public sector at the time and is comparable to several annual increases offered as part of 3 year deals in 2008.

Table 2 (from 1 April 2008)

Leaders in Band A	£26,398
Leaders in Band B	£31,678
Leaders in Band C	£36,956
Leaders in Band D	£47,516

Table 3 (from 1 April 2009)

Leaders in Band A	£27,058
Leaders in Band B	£32,470
Leaders in Band C	£37,880
Leaders in Band D	£48,704

3.24 As with councillors' basic salary (paragraph 3.4), applying an increase in line with the median Scottish salary to Leaders' pay would mean an increase of 11 per cent over the 2009 salary. Recommending increases in salary of this magnitude would clearly breach the principles of affordability and current public sector pay policy and pay settlements. For the reasons set out at paragraphs 3.13 to 3.17, we recommend that there should be no change in the levels of the Council Leader salaries for the next 2 financial years (2010-2012) and that they should remain as outlined in Table 3 above.

3.25 However, as with the basic salary level, we recognise that the responsibilities and expectation Leaders face necessitates a need to revisit the principles behind whether the levels at which salaries were recommended in 2006 are still appropriate. This is dealt with in more depth in Chapter 7.

Recommendation 2: We recommend that the Leader's salary should remain at the following rates per annum over the next 2 financial years (2010-2012).

- Band A – £27,058
- Band B – £32,470
- Band C – £37,880
- Band D – £48,704

Senior councillors

Number of councillors that may receive an enhanced salary

3.26 We remain of the view that it is reasonable that an enhanced salary should only be paid to councillors with **significant** additional responsibilities. These might include Cabinet members, chairs or conveners of major Council committees, and the Leader of any significant opposition party. Councils should continue to determine which specific posts should receive an enhanced salary within the current framework.

Salaries for senior councillors

3.27 To allow Councils flexibility to determine the salary level that should be attached to each post, we remain of the view that Councils should administer that flexibility within the total budget for senior councillors' salaries. The maximum which a Council may decide to pay a senior councillor should continue to be up to 75 per cent of that paid to the Council Leader. In line with the recommendations that no change should be made to the Leader's salary, this would provide the following ranges for paying councillors with significant additional responsibilities.

Band A Councils – £16,235 to £20,294

Band B Councils – £16,235 to £24,353

Band C Councils – £16,235 to £28,410

Band D Councils – £16,235 to £36,528

Table 4 – Calculation of fund for paying senior councillors (from 1 April 2010 and from 1 April 2011)

Band	Leader	Top senior salary (25% below Leader)	50% of difference between top senior and basic councillor salary	Plus basic councillor salary	Multiplied by number of permitted senior positions	Equals total budget #
A	£27,058	£20,294	£2,030	£18,264	9*	£164,376
B	£32,470	£24,353	£4,060	£20,294	14**	£284,116
C	£37,880	£28,410	£6,088	£22,322	19	£424,118
D	£48,704	£36,528	£10,147	£26,381	24	£633,144

*except Clackmannanshire and Midlothian (see table 7)

** except West Dunbartonshire, East Dunbartonshire, Angus, and Dundee City (see table 7)

illustrative existing budget for Band A Councils with 9 senior councillors and Band B Councils with 14 senior councillors

Recommendation 3: We recommend that the senior councillor salary should continue to be based on the current formula linking it to that of the Leader and that the total budget for paying senior councillors should remain at the April 2009 level for the next 2 financial years. This will result in budgets for each Council as specified in table 7.

Civic Heads

3.28 Local authorities have the scope to determine the level of salary which can be paid to the Civic Head provided it does not exceed 75 per cent of the salary paid to the Council Leader. We believe that this should continue to be the case. In making this recommendation, we are aware that some Councils have expressed concern about the level of the Civic Head's salary. However, our remit only allowed us to consider uplifts to salary levels: it did not allow us to address the basis on which salary levels had originally been set. The scope of this review also allowed us to consider the appropriateness of the Civic Head expenses limit. We therefore believe that any changes to the link between the Civic Head salary and that of the Leader was outwith the remit of this review.

3.29 As in the case of other councillors' salaries, we consider that the maximum salary payable to the Civic Head should remain at April 2009 levels for the next 2 financial years. This continues to draw a parallel between the maximum level of salary which can be paid to a senior councillor. The maximum which local authorities could pay the Civic Head therefore would be:

Table 5 (from 1 April 2010 and from 1 April 2011)

Civic Heads in Band A	£20,294
Civic Heads in Band B	£24,353
Civic Heads in Band C	£28,410
Civic Heads in Band D	£36,528

Recommendation 4: We recommend that the Civic Head salary should be no more than 75 per cent of that of the Leader and should remain at April 2009 levels for the next 2 financial years (2010-2012).

Senior members serving on Joint Boards

- 3.30 Scottish Ministers have accepted our recommendation in both our 2006 and 2008 Reports that Joint Boards should be able to determine their own senior member salary levels within specified parameters. We also know that in the intervening period there have been no legislative opportunities to implement this recommendation. We are aware that pending amendment to primary legislation, the salary levels for conveners and vice conveners of Joint Boards are determined by Scottish Ministers.
- 3.31 It is clear from discussions with Councils that there are a number of concerns about the level at which the salaries for conveners and vice conveners were originally set. This is addressed further in Chapter 7. For the period 2010 to 2012, we consider that their salaries should be in line with those offered to other councillors and therefore maintained at April 2009 levels for the next 2 financial years.

Recommendation 5: We recommend that, pending an amendment to primary legislation to allow Joint Boards to determine salaries for their senior positions, the salary for conveners and vice conveners of Joint Boards should be maintained at the April 2009 levels for the next 2 financial years (2010-2012).

CHAPTER 4 – ALLOWANCES AND EXPENSES (INCLUDING CIVIC HEAD)

Present situation

- 4.1 Local authority councillors are presently entitled to claim 2 allowances – mileage allowance, and an allowance for staying with friends instead of claiming re-imburement for overnight accommodation. They can also claim re-imburement of receipted expenditure for specific items of expenditure – up to a prescribed limit in some cases.

Scope of the review

- 4.2 The Cabinet Secretary for Finance and Sustainable Growth has asked the Committee to review the level of allowances and expenses which can be claimed by councillors from 2010-11. From discussions with a number of Councils, the issue of the rate for overnight accommodation in London, which some councillors considered was too low, was raised. This is discussed further in paragraph 4.12.

Allowances

Mileage

- 4.3 At present, councillors may claim a mileage allowance which covers the cost of travelling by private car or van, motorcycle or bicycle. In our 2008 Report, we had recommended that mileage rates should be in line with HM Revenue and Customs' (HMRC) rates.

Table 6

Mode of transport	Mileage rate
Cars and vans (first 10,000 Council business miles in tax year)	40p + 5p per passenger carried
Cars and vans (each Council business mile over 10,000 in tax year)	25p
Motorcycles	24p
Bicycles	20p

- 4.4 In his response, the Cabinet Secretary decided that the mileage rate for travel by car should be 40p per mile regardless of distance travelled. We do not propose any changes to the mileage allowance.

Inter-Island Travel

- 4.5 When we visited Orkney Islands Council we were advised that, whilst generally the allowances and re-imburement of actual expenses within defined limits was working well, there was an issue relating to travel by councillors within their wards, particularly those representing Ward 3 (Stromness and the South Isles) and Ward 6 (North Isles). Those councillors were unable to attend public meetings in the evenings as, in many cases, the only mode of travel available was by private boat which could not be re-imbursed within the existing rules. Further, they regularly had to make trips to islands within their own wards by connecting with ferries, via Kirkwall, resulting in councillors spending 2 days (including an overnight stay) to go to a meeting they could otherwise reach, using either their own private boat or hiring a boat locally, in just over 1 hour. They requested that we consider offering an "islands allowance" payable, in addition to the basic salary, to those particular councillors.

- 4.6 We accept that there is an issue which needs to be addressed. However, the term “islands allowance,” in our view, does not seem the most appropriate way forward. It would either have to be very tightly drawn, which may solve the problem in one area but create issues in another; or it would need to be open to any councillors representing any island wards, including those which are island/mainland wards regardless of the availability or frequency of alternative public transport.
- 4.7 Over the course of our reviews in 2008 and 2009, we have visited all Islands Councils and Councils which have a mix of island/mainland wards. Orkney Islands Council is the only one where this issue has been identified as a problem. We consider that the solution needs to take account of the type of travel which is necessary, and the overriding principle that the Council should determine whether or not that travel is legitimate to enable the councillor to undertake his/her Council duties and, where possible, should be for re-imbursement of receipted expenditure. The issue of value for money should also be considered.
- 4.8 We therefore suggest that, where possible, re-imbursement against receipted expenditure, for inter-island travel, undertaken by councillors, in Islands Councils, for Council business purposes should be the first consideration by the Council. We discussed with Orkney Islands Council the associated cost of operating a boat and what might be an appropriate mileage rate. Additionally, we consulted other boat users. On that basis, where the councillor has his/her own boat and chooses this mode of transport to enable him/her to undertake Council business, we suggest that he/she should be able to claim a mileage allowance of £2.00 per nautical mile and that the Islands Council concerned is best placed to discuss with HM Revenue and Customs what tax liabilities, if any, will emerge from that. In the current economic climate, where Council budgets are under severe pressure, this should offer a saving, to the Council, on travel and accommodation costs and enable the councillor to manage his/her time more effectively.
- 4.9 We considered that a mileage rate for passengers, travelling with the councillor for approved Council business, should also apply. We recommend that this is calculated on the same basis as the passenger mileage rate for cars, i.e. 12½ per cent of the mileage rate. That would enable the councillor who uses his/her own boat for this purpose to claim 25p per passenger per nautical mile.

Recommendation 6: We recommend that councillors, in Islands Councils, should be able to claim re-imbursement of receipted expenditure for “inter-island travel” for approved duties only.

Recommendation 7: We further recommend that, where the Islands Council agrees that it is not feasible to claim re-imbursement of receipted expenditure for “inter-island travel,” councillors should be able to claim £2.00 per nautical mile for “inter-island travel” by private boat for approved duties only.

Recommendation 8: We recommend that councillors using their own boat may claim 25p per passenger per nautical mile, provided the councillor and passenger(s) are all undertaking approved Council duties.

Staying with friends

- 4.10 In our 2008 Report, we recommended that an allowance of a standard rate of £25 per night be introduced for councillors choosing to stay overnight with friends or family in lieu of the right to claim overnight subsistence at the normal rate (currently £131 per night in London and £110 per night elsewhere in the UK). This can be a cost effective alternative for local authorities, particularly those whose members represent island wards. We do not propose any changes to this rate.

Expenses

Subsistence – overnight

- 4.11 In responding to our 2006 Report³ the Scottish Government indicated that overnight absence from home costs should be in line with the Scottish Parliament arrangements. Overnight accommodation for MSPs in London is currently £157 per night and elsewhere in the UK is £134 per night. This covers bed, breakfast **and** evening meal costs. The maximum rates to which a councillor is entitled are currently £131 per night within London and £110 per night elsewhere in the UK. This covers bed and breakfast costs only. Up to a further £25 may be re-imbursed to cover dinner costs. Comparing like with like therefore, a councillor may reclaim up to a maximum of £156 per night for bed, breakfast and evening meal in London and up to a maximum of £135 per night for bed, breakfast and evening meal elsewhere in the UK.
- 4.12 In our discussions with councillors some considered that the overnight rate for staying in London was insufficient. Discussions with Councils during the course of this review indicate that the need for councillors to travel to London has reduced markedly. Further, the rates are broadly in line with those available to MSPs and we therefore propose no change at this time.

Recommendation 9: We recommend that overnight subsistence rates should remain at a maximum £131 per night (for London) and a maximum of £110 per night (for elsewhere in the UK) based on re-imbusement of actual receipted expenditure.

Subsistence – meals

- 4.13 We have considered whether there is a need to extend the small number of wards where councillors are entitled to claim re-imbusement for their meals but have concluded that no amendments should be made to the current list. With the exception of councillors representing a small number of wards in certain local authority areas, a councillor may only claim re-imbusement for the actual receipted cost of meals where he/she is required to carry out Council business outwith his/her own ward. He/she is also not allowed to claim any re-imbusement for meals whilst he/she is carrying out Council business in any Council offices.
- 4.14 The maximum rate specified in Regulations is:
- Breakfast (where no overnight subsistence is claimed) – £8 per day.
 - Lunch – £12 per day.
 - Dinner – £25 per day.
 - We do not propose any changes to these rates at the present time.

Recommendation 10: We recommend that meal subsistence rates should remain at a maximum £8 for breakfast (where no overnight subsistence is claimed); a maximum £12 for lunch; and a maximum of £25 for dinner based on re-imbusement of actual receipted expenditure.

³ Review of Remuneration Arrangements for Local Authority Councillors – 2006.

Other costs

Transport and parking

4.15 Costs for travelling by public transport, including taxis and any parking charges incurred whilst travelling by private car etc should continue to be re-imbursed based on actual receipted expenditure.

Inter-Island Travel

4.16 We consider that there is a case for allowing councillors, in Islands Councils, to claim re-imbusement of receipted expenditure for inter-island travel where that is necessary for Council business purposes. This is dealt with alongside the recommendation for an "inter-island travel" allowance at paragraphs 4.5 to 4.9 above.

Telephone and computer costs

4.17 At present, councillors may reclaim the cost of business calls made from their home telephone, networked PC, fax machine or on a personal mobile phone. Any additional telephone costs necessarily incurred to allow councillors to carry out their role effectively e.g. the provision and rental of a second telephone line may be re-imbursed. Where a councillor uses a personal telephone for Council business use, up to 50 per cent of line rental costs may be re-imbursed. All these costs may be re-imbursed on production of a receipt.

4.18 In many instances, local authorities themselves have decided to provide councillors with mobile phones, blackberries or similar, broadband facilities or dedicated lines in whole or in part.

4.19 We remain of the view that there is a need for transparency in identifying and reporting telephone and computer costs. We had previously suggested in our 2008 Report that, where Councils themselves meet bill costs, they should publish annually any costs incurred against the relevant councillor. This has raised some issues. Despite efforts made by Councils to qualify published information, in footnotes, relating to what has been paid by them directly as opposed to what has been re-imbursed to the councillor, any media interest has centred on the total figures implying that all sums were actually given to the councillor.

4.20 We were sympathetic to a suggestion made to us that this could be addressed by publishing 2 columns, one showing figures which were paid by the Council on a councillor's behalf and another showing those which had been claimed by the councillor. This is discussed further in Chapter 6.

Civic Head Expenses

4.21 Currently the Allowances and Expenses Regulations allow for re-imbusement for civic expenses, restricted to the Civic Head and, from February 2009, to his/her Deputies, up to the limits set for each Council, to enable them to carry out their civic duties. These are in addition to any expenditure incurred, by the Civic Head or Deputy, on travel, subsistence and meals. The maximum annual sums which may be claimed, for receipted expenditure, is dependent on the Banding of the Council. These are:

- £2,000 for Band A Councils.
- £3,000 for Band B Councils.
- £4,000 for Band C Councils.
- £5,000 for Band D Councils.

- 4.22 The Cabinet Secretary asked the Committee, as part of this review, to monitor local authorities' use of the Civic Head additional annual funding limit and advise on its appropriateness.
- 4.23 We discussed this with the Councils we visited and also wrote to the other Councils seeking their views. We also considered what Councils had published on these Civic Head expenses.
- 4.24 We received views about the Civic Head expenses from 20 Councils but no clear pattern emerged. Only a minority of Civic Heads in those Councils had claimed re-imburement for Civic Head expenses. Some supported that a limit should continue to be set. Some considered that the limits stated at paragraph 4.21 above were sufficient. Some considered the expense should be abolished and the Civic Head salary increased accordingly and a few accepted that such action would also impact on Deputes. A minority indicated that they would prefer to abolish the limit and allow Civic Heads to claim re-imburement of receipted expenditure in the same way as for other expenses.
- 4.25 We sought information from those Councils visited as part of this review as to why claims had not been made. Some Civic Heads did not know the purpose of the fund. Examples of the type of expenditure for which it can be used are given in Paragraph 52 of the Guidance⁴ issued by the Scottish Government. We consider that it would be worthwhile revisiting the Guidance to emphasise that this is intended to meet *personal* costs incurred by the Civic Head or his/her Depute rather than costs for example of gifts or accommodation for hosting events which would generally be met from Council budgets.
- 4.26 A number of Civic Heads indicated that they had consciously chosen not to claim re-imburement themselves but recognised that this was a personal choice and would not wish their personal choices necessarily to affect our conclusions. Others considered it would be better if the Civic Head salary could be increased and the expense abolished.
- 4.27 The views from the national organisations – COSLA, SOLACE and NAC – were similarly divergent with one considering the salary should be increased, one preferring the status quo and another offering no preference but believing that the Civic Head should be able to claim legitimate civic expenses.
- 4.28 In our 2006 Report, we recommended that the Civic Allowance should be abolished and that the Civic Head should claim re-imburement of receipted expenses incurred whilst undertaking civic duties in the normal way. This was rejected by Scottish Ministers who decided that limits, as outlined in paragraph 4.21 above, should apply and claims should continue to be made on a receipted cost basis. There is no evidence that these limits have been insufficient and we consider that it is a useful safeguard to ensure that expenditure claims, in this area, are not excessive or subject to abuse. We therefore would support the status quo.

Recommendation 11: We recommend that the existing structure for reclaiming Civic Head and Depute Civic Head expenses for civic duties undertaken by them, based on the limits set for each Council Banding, should continue.

Recommendation 12: We further recommend that the Guidance should be revisited to clarify the purpose and use of the Civic Head expenses.

⁴ Councillors' Remuneration: Remuneration, Allowances and Expenses – Guidance February 2009.

CHAPTER 5 – FINANCIAL IMPLICATIONS

Introduction

- 5.1 This chapter considers the implications of our advice upon the amount local authorities spend on paying their councillors. In asking us to look at the level of salary, allowances and expenses set for the 2 years 2010-2012, the Cabinet Secretary made clear that we should be mindful of affordability.

Affordability

- 5.2 The present economic climate has seen unprecedented pressures on local authority budgets and this situation is expected to continue for some time. We also recognise that the budget for paying councillors' salaries, allowances and expenses is small, in comparison to general staffing costs.
- 5.3 On salary levels, councillors themselves, where they expressed a view, made clear that they did not wish any recommendations we made for uplifting their salaries to be substantially different from that offered to local government staff. We were also conscious that, at the time our report would be going through the publication process, negotiations between COSLA and the unions would be ongoing. Councils themselves were concerned about budgets in the next few years and the impact that could have on their ability to deliver services.
- 5.4 Taking all factors into consideration, we concluded that salary levels should, in all cases, remain at the current rate introduced from April 2009. If our recommendations are accepted, this would have a neutral effect on local authority budgets. A breakdown of salary costs by councillor grade, in each authority, for 2010 and 2011 is provided at Table 7. It would also mean that the total budget for Scotland would remain at 2009-10 levels – £22.755m (see Table 8).
- 5.5 In relation to allowances and expenses, we have recommended one change for councillors in Islands Councils, namely the introduction of re-imbursement for receipted "inter-island" travel, and, where that is not possible, the introduction of an allowance of £2.00 per nautical mile for travel, inter-island, by private boat. In both instances, these would relate to expenses incurred by councillors undertaking approved duties. If accepted, this would address concerns expressed by an Islands Council who consider this would offer significant savings on travel and hotel costs. The actual saving will depend on the use of this facility made by individual councillors, but could be in the order of around £50, per councillor, per meeting. The saving to Islands Councils would be significantly more where 2 or more councillors travelled together in the same boat.

Joint Boards

- 5.6 At present, Joint Board members' salaries are paid by their own local authority and subsequently reclaimed back from the Joint Board. As with other councillors' salaries, if accepted, our recommendations would have a neutral effect in the 2 years 2010-11 and 2011-12.

Table 7 – Proposed remuneration levels for basic councillors, senior councillors, and Council Leaders (from 1 April 2010 and from 1 April 2011)

Council	Total no. of councillors (cllrs)	No. of cllrs on basic salary	Basic cllrs at £16,234	Mid point	No. of senior cllrs	Budget for paying senior councillors	Civic Head max salary (£ per Council)	No. of Leaders	Leader's salary	Total budget required
Band A										
Clackmannanshire	18	8	£129,872	£18,264	8	£146,112	£20,294	1	£27,058	£323,336
East Lothian	23	12	£194,808	£18,264	9	£164,376	£20,294	1	£27,058	£406,536
East Renfrewshire	20	9	£146,106	£18,264	9	£164,376	£20,294	1	£27,058	£357,834
Eilean Siar	31	20	£324,680	£18,264	9	£164,376	£20,294	1	£27,058	£536,408
Inverclyde	20	9	£146,106	£18,264	9	£164,376	£20,294	1	£27,058	£357,834
Midlothian	18	8	£129,872	£18,264	8	£146,112	£20,294	1	£27,058	£323,336
Moray	26	15	£243,510	£18,264	9	£164,376	£20,294	1	£27,058	£455,238
Orkney Islands	21	10	£162,340	£18,264	9	£164,376	£20,294	1	£27,058	£374,068
Shetland Islands	22	11	£178,574	£18,264	9	£164,376	£20,294	1	£27,058	£390,302
Stirling	22	11	£178,574	£18,264	9	£164,376	£20,294	1	£27,058	£390,302
Band B										
Angus	29	14	£227,276	£20,294	13	£263,822	£24,353	1	£32,470	£547,921
Argyll & Bute	36	20	£324,680	£20,294	14	£284,116	£24,353	1	£32,470	£665,619
Dumfries & Galloway	47	31	£503,254	£20,294	14	£284,116	£24,353	1	£32,470	£844,193
Dundee City	29	14	£227,276	£20,294	13	£263,822	£24,353	1	£32,470	£547,921
East Ayrshire	32	16	£259,744	£20,294	14	£284,116	£24,353	1	£32,470	£600,683
East Dunbartonshire	24	11	£178,574	£20,294	11	£223,234	£24,353	1	£32,470	£458,631
Falkirk	32	16	£259,744	£20,294	14	£284,116	£24,353	1	£32,470	£600,683
North Ayrshire	30	14	£227,276	£20,294	14	£284,116	£24,353	1	£32,470	£568,215
Perth & Kinross	41	25	£405,850	£20,294	14	£284,116	£24,353	1	£32,470	£746,789
Renfrewshire	40	24	£389,616	£20,294	14	£284,116	£24,353	1	£32,470	£730,555
Scottish Borders	34	18	£292,212	£20,294	14	£284,116	£24,353	1	£32,470	£633,151
South Ayrshire	30	14	£227,276	£20,294	14	£284,116	£24,353	1	£32,470	£568,215
West Dunbartonshire	22	10	£162,340	£20,294	10	£202,940	£24,353	1	£32,470	£422,103
West Lothian	32	16	£259,744	£20,294	14	£284,116	£24,353	1	£32,470	£600,683

Table 7 – (continued)

Council	Total no. of councillors (cllrs)	No. of cllrs on basic salary	Basic cllrs at £16,234	Mid point	No. of senior cllrs	Budget for paying senior councillors	Civic Head max salary (£ per Council)	No. of Leaders	Leader's salary	Total budget required
Band C										
Aberdeen City	43	22	£357,148	£22,322	19	£424,118	£28,410	1	£37,880	£847,556
Aberdeenshire	68	47	£762,998	£22,322	19	£424,118	£28,410	1	£37,880	£1,253,406
Fife	78	57	£925,338	£22,322	19	£424,118	£28,410	1	£37,880	£1,415,746
Highland	80	59	£957,806	£22,322	19	£424,118	£28,410	1	£37,880	£1,448,214
North Lanarkshire	70	49	£795,466	£22,322	19	£424,118	£28,410	1	£37,880	£1,285,874
South Lanarkshire	67	46	£746,764	£22,322	19	£424,118	£28,410	1	£37,880	£1,237,172
Band D										
Edinburgh, City of	58	32	£519,488	£26,381	24	£633,144	£36,528	1	£48,704	£1,237,864
Glasgow City	79	53	£860,402	£26,381	24	£633,144	£36,528	1	£48,704	£1,578,778

Table 8 – Budgets by Authority up to 2011-12

Council	Total budget required 2009-10	Total budget required 2010-12	Difference £
Band A			
Clackmannanshire	£323,336	£323,336	£0
East Lothian	£406,536	£406,536	£0
East Renfrewshire	£357,834	£357,834	£0
Eilean Siar	£536,408	£536,408	£0
Inverclyde	£357,834	£357,834	£0
Midlothian	£323,336	£323,336	£0
Moray	£455,238	£455,238	£0
Orkney Islands	£374,068	£374,068	£0
Shetland Islands	£390,302	£390,302	£0
Stirling	£390,302	£390,302	£0
Band B			
Angus	£547,921	£547,921	£0
Argyll & Bute	£665,619	£665,619	£0
Dumfries & Galloway	£844,193	£844,193	£0
Dundee City	£547,921	£547,921	£0
East Ayrshire	£600,683	£600,683	£0
E Dunbartonshire	£458,631	£458,631	£0
Falkirk	£600,683	£600,683	£0
North Ayrshire	£568,215	£568,215	£0
Perth & Kinross	£746,789	£746,789	£0
Renfrewshire	£730,555	£730,555	£0
Scottish Borders	£633,151	£633,151	£0
South Ayrshire	£568,215	£568,215	£0
W Dunbartonshire	£422,103	£422,103	£0
West Lothian	£600,683	£600,683	£0

Table 8 – (continued)

Council	Total budget required 2009-10	Total budget required 2010-12	Difference £
Band C			
Aberdeen City	£847,556	£847,556	£0
Aberdeenshire	£1,253,406	£1,253,406	£0
Fife	£1,415,746	£1,415,746	£0
Highland	£1,448,214	£1,448,214	£0
North Lanarkshire	£1,285,874	£1,285,874	£0
South Lanarkshire	£1,237,172	£1,237,172	£0
Band D			
Edinburgh, City of	£1,237,864	£1,237,864	£0
Glasgow City	£1,578,778	£1,578,778	£0
Total	£22,755,166	£22,755,166	£0

CHAPTER 6 – PUBLICATION AND COMPLIANCE BY AUTHORITIES

Publication – Present situation

- 6.1 In our 2008 Report, we indicated that some progress had been made by Councils in providing information on councillors' salaries, allowances and expenses as required in the Allowances and Expenses Regulations. Whilst Councils had published information on the Council website, we noted that not all had complied fully with the required publication details.
- 6.2 The Allowances and Expenses Regulations were further amended in 2008 requiring authorities to stipulate the position held by the councillor, e.g. Convenor of a named Committee, Leader of Main Opposition etc and to show car and van mileage expenses separately.
- 6.3 The Cabinet Secretary for Finance and Sustainable Growth asked us to monitor compliance with the publication of information on councillors' salaries, allowances and expenses. We wrote to all Councils on 12 March 2009 advising them that in publishing councillors' expenses for the year 1 April 2008 to 31 March 2009, separate entries would be required for:
- The member's name.
 - Position held, e.g. convener of a named committee, leader etc.
 - Salary.
 - Car and van mileage expenses.
 - Subsistence expenses, e.g. meals and overnight subsistence.
 - Telephone and ICT costs.
 - Other allowances and expenses, e.g. motorcycle, passenger, staying with friends, Civic Head expenses etc.
 - Total expenses.
 - Total salary and expenses.

Review of expenses published in June 2009

- 6.4 In undertaking our review, we looked at the information provided by Councils on their website and at how easy it was to access the information.

Compliance

- 6.5 Reviewing initial publication of expenses by Councils indicated that not all Councils had complied fully with the Regulations as amended. Initially, the most notable omissions were:
- Not identifying car and van mileage costs separately.
 - Not specifying the position held by the councillor.
 - Not identifying telephone and ICT costs separately.
- 6.6 We identified areas where Councils had not been compliant and either raised it with them during our visits, or wrote separately to the Chief Executive informing him/her of the issue. Following on from that, we can now say that 31 Councils comply with the requirements specified in the Regulations in that they have provided the information in paragraph 6.3 above. Aberdeenshire Council noted the requirements and promised to ensure that councillors' salaries and expenses information, published in June 2010, would be fully compliant.

- 6.7 However, we were concerned that the Regulations, as they currently stand, requiring a considerable number of expenses to be identified in a single column (under the heading “other allowances and expenses”), makes the reason for the expenditure less clear. This is likely to raise more questions about what particular expense these funds were being used to re-imburse. It also draws attention to certain costs which may, on first glance, be regarded as significant.
- 6.8 We were pleased to note that a number of authorities had chosen to break down elements of these costs further. We welcome their openness in making the reason for certain expense claims more transparent. We regard this as evidence of good practice and suggest that the Regulations are amended to separate these areas of expenditure further. We also noted that some Councils were planning to publish councillors’ claims on their websites on a quarterly basis.

Issues

Telephone and computer costs

- 6.9 In our 2008 Report, we recognised that, in relation to telephone and computer costs, there was no single solution which would suit all in every circumstance. As such, there was a need to be less prescriptive in terms of what should be provided as a matter of course. This may mean that authorities themselves would provide members with mobile phones, blackberries or similar; broadband facilities or dedicated second lines in whole or in part to enable councillors to carry out their role effectively.
- 6.10 This has led to variations in the way in which Councils choose to publish information on councillors’ telephone and computer costs. It raised questions about what might be regarded as necessary “tools of the trade” and what information should be published. Where equipment is supplied by the Council and the Council retains ownership of that equipment, we do not consider that capital costs relating to the provision of such telephones and broadband facilities should be published as an expense incurred by, or on behalf of, the councillor. Further, Scottish Government Guidance should be amended to clarify the circumstances in which Councils should, or should not, publish such information. We suggest that all Councils should publish a total of the following costs in relation to each councillor:
- Cost of telephone calls made on Council business.
 - Line rental costs, including broadband.

and that costs should be split to show separately those which have been paid directly by the Council and those for which the councillor has claimed re-imbursement of receipted expenditure.

Conference costs

- 6.11 Conference costs, where included, have generally been published under “other allowances and expenses”. Whilst this is in line with current Regulations, conference costs can be significant. We consider that these should be published in separate columns which should differentiate between those which have been paid directly by the Council and those for which the councillor has claimed re-imbursement of receipted expenditure.

Use of pool cars

- 6.12 We are aware that councillors in some Councils have been making use of Council pooled cars rather than reclaiming mileage allowance at the standard rate. Economically, this can result in savings as the mileage rate for pooled cars is considerably less (circa 28p per mile as opposed to the 40p allowance per mile). Where councillors make use of pooled cars, we consider that these should be published as car and van mileage. Councils should therefore also show separately car and van mileage costs paid directly by the Council and those claimed by the councillor.

Use of chauffeur driven cars

- 6.13 Similarly, there are instances, e.g. for the Civic Head or his/her Deputies, where chauffeur driven cars will be used to enable them to undertake their civic duties. This seems reasonable and might be regarded as a “tool of trade” for the Civic Head or Deputy and, therefore, does not require to be published. However, where other councillors make use of chauffeur driven cars, we consider that these should be published as car and van mileage. Councils should therefore show separately car and van mileage costs relating to chauffeur driven cars paid directly by the Council.

Other allowances and expenses

- 6.14 We consider that information published about an individual councillor's salary, allowances and expenses should be easily understood by anyone accessing the information. Whilst the revisions to the requirement to publish information have been clarified in some respects, e.g. costs for car and van mileage, in others, for example the plethora of information which can be included under the “other allowances and expenses” column, this is less clear. Given the recent general public interest in expenses for elected members, though these have not been directed, in the main, at councillors, councillor expenses have, on occasion, attracted considerable media attention. Also, although some Councils have qualified elements of expenditure by the use of footnotes, these have often been ignored by the media giving a false impression of any one councillor's expenses.

Conclusion

- 6.15 The principle behind prescribed publication of councillors' expenses should make comparison on both a national and local level easier. However, there are instances where Councils have not taken account of costs which have been paid by them directly or have been employing different criteria to decide what should be published. We believe this needs to be addressed.

Recommendation 13: We recommend that the Scottish Government revise its schedule on the record of claims annual return published, in June each year, by Councils, **as a minimum**, to include the following:

- Name of councillor.
- Position held, e.g. convener of a named committee, leader of main opposition party etc.
- Salary.
- Car and van mileage expenses (sub-divided into 2 columns relating to those claimed by and re-imbursed to the councillor and those met directly by the Council, e.g. for pooled cars and chauffeur driven cars (except where chauffeur driven cars have been used by the Civic Head or his/her Depute to enable him/her to undertake their civic duties on behalf of the Council)).
- Other travel (sub-divided into 2 columns relating to those claimed by and re-imbursed to the councillor and those met directly by the Council).
- Subsistence expenses (sub-divided into 2 columns relating to accommodation and meals).
- Training and conference expenses (sub-divided into 2 columns relating to those claimed by and re-imbursed to the councillor and those met directly by the Council).
- Telephone and Information Communication Technology (ICT) expenses, excluding capital costs where the equipment is supplied by the Council and the Council retains ownership of that equipment, (sub-divided into 2 columns relating to those claimed by and re-imbursed to the councillor and those met directly by the Council).
- Other allowances and expenses (e.g. Civic Head expenses and staying with friends allowance).
- Total Expenses.
- Total Salary and Expenses.

Recommendation 14: We recommend that the Guidance stipulating what should be published by Councils should be clarified further.

Ease of accessibility

6.16 On ease of access to the information, only a few Councils identified the link to these costs on the front page of their website, some could not be found by clicking on the “Council” section of the website and some could not be found by entering either “councillor allowances”, “councillor expenses”, or “councillor allowances and expenses”. In a couple of instances, we had to ask the Council for the web link.

6.17 We are concerned that it could be quite difficult for ordinary members of the public to access this information, particularly where they have no background knowledge of the issue.

Recommendation 15: We recommend that Local Authorities should make access to information on councillors’ salaries, allowances and expenses published on their websites more transparent and more easily accessible to members of the public seeking such information from that source.

CHAPTER 7 – REVIEWING AND UPDATING ARRANGEMENTS FOR THE FUTURE AND ISSUES FOR FURTHER CONSIDERATION

Introduction

- 7.1 This chapter looks at issues which have arisen both in our 2008 report and, as part of the current review, which were outwith the scope of either review but which we believe need to be addressed. Our original recommendations for change were considered in 2005, prior to the changes in local government structure from the introduction of multi-member wards and the changed emphasis in the relationship between the Scottish Government and Councils.
- 7.2 We are pleased that the Cabinet Secretary for Finance and Sustainable Growth has indicated his agreement, in principle, that we should address some of these issues as part of a review over the period, currently estimated, from January 2010 until spring 2011. We would hope this review would enable us to look at all aspects of councillors' remuneration (salaries, allowances and expenses) and address issues which have recently emerged and would appear to run counter to the principles of the whole scheme.

Recommendations outstanding from our 2006 and 2008 Reports

- 7.3 There are 2 recommendations which remain outstanding from our 2006 and 2008 Reports. These have been accepted by Scottish Ministers but cannot be implemented without amendment to primary legislation. We had hoped that a suitable legislative vehicle would have emerged in the term of this Parliament, but this now seems unlikely.

Joint Boards

- 7.4 In 2006, we recommended that Joint Boards should determine the salary to be paid to senior positions on their board, but that the salary should not exceed the upper senior limits relating to the highest banded Council represented on the Joint Board. This recommendation was re-iterated in our 2008 Report.
- 7.5 The evidence, on which we made that recommendation, was based primarily on discussions with the Secretaries to the Strathclyde Police and Strathclyde Fire and Rescue Joint Boards. With hindsight, given the legislative difficulties, we believe that we should have looked at options other than just the merits of relating the salary to that of the maximum senior councillor salary payable in the highest banded authority represented on the Joint Board. In Strathclyde, where the Joint Board serves around half of the population in Scotland, this may seem reasonable. However, in other areas the decision by Scottish Ministers to set the level at that rate does not necessarily seem to bear a direct relationship to the responsibilities held.
- 7.6 Allowing Joint Boards themselves to determine the salaries, within a sensible framework, paid to their conveners and vice conveners remains our preferred solution. However, we would not wish to run the risk that there will be no legislative opportunities to enable this to happen in the next Parliamentary term. We believe, therefore, that there is merit in the Committee looking at the levels of salary paid to conveners and vice conveners of Joint Boards based on their workload and responsibilities and making interim recommendations on that.

Standards Commission

- 7.7 We remain of the view that the Standards Commission should be able to determine whether a councillor's salary should be reduced or not paid if, after a hearing, that councillor has been suspended from carrying out any part of his/her role. We believe that any such cases would need to be treated on their merit and that arbitrary sanction would not be an appropriate way forward.

Nevertheless, the fact that councillors who are suspended by the Standards Commission continue to receive their salaries remains a concern. We would hope, therefore, that there would be a legislative opportunity in the near future to enable that to happen.

Arms length companies

- 7.8 In our 2006 Report, we expressed a number of concerns about the arrangements for Councils paying Special Responsibility Allowances (SRAs) to their members. We considered these untenable. In particular:
- Some Councils overused SRAs by determining that all councillors in a Council could have “special responsibilities” and merit an additional allowance.
 - Some Councils used SRAs to “top-up” the basic allowance, with little reference to responsibility held.
 - There were limited safeguards around the use of SRAs and no restriction on the number of councillors who could receive them.
 - There was no consistent picture across Scotland in relation to the levels of SRA paid, or the number of current SRAs in each Council.
 - The arrangements for SRAs were not transparent or easily understood. It was not clear to the public how decisions on which councillors should receive SRAs were taken.
 - We recommended that SRAs should be abolished and this was accepted by Scottish Ministers.
- 7.9 Although we recommended that SRAs should be abolished, we considered there was still a need to remunerate, adequately, those councillors who hold senior positions in the Council and whose roles carry heavy or particularly challenging responsibilities.
- 7.10 The principles which we considered important in determining the arrangements for paying senior councillors then, remain just as valid today. These are:
- The number of councillors receiving higher salaries should be a minority. Arrangements should therefore explicitly prevent paying higher salaries to a majority of councillors, or to all councillors.
 - Councils should have reasonable flexibility, within a sensible framework, to determine which posts should attract enhanced salaries.
 - Councils should have reasonable flexibility, within a sensible framework, to determine the salary level that should apply to these posts.
 - The Leader or Convener (where that term is used instead of Leader) should be paid more than any other councillor to reflect the extent of his/her additional responsibility.
- 7.11 We accept totally that it is a matter for Councils themselves to determine how best they can deliver their services. In a number of cases, this has been achieved by setting up arms length companies to deliver the relevant service. In the main this involves the transfer of function and associated staff from the Council to the new company.
- 7.12 Specifically, we are aware that in Glasgow City Council, councillors are paid around £366,000 (increasing the total councillors’ remuneration budget by 23 per cent) in additional payments for sitting on these companies to deliver broadly the same service as previously carried out by the

Council and supervised by Council Committees. In this specific case, a substantial majority of Glasgow City councillors are in receipt of enhanced salaries. We are concerned that the principles which underpin the existing remuneration scheme are being undermined.

- 7.13 We consider that this merits further consideration and investigation by the Committee and we would like to look at all Councils' use of arms length companies in relation to their impact on councillors' remuneration, and councillor representation on these, as part of the 2010 review.

Issues identified by Councils

- 7.14 In our 2008 Report we listed a number of issues which were of concern to Councils which seem more appropriate to the 2010 Review. These were:

- Level of basic salary.
- Workload of councillors.
- Number of senior councillors.
- Differential between basic and senior councillor salaries, particularly in Band A and Band B Councils.
- Travel from place of employment.
- Use of leased cars.

- 7.15 In discussion with Councils as part of our 2009 Review, further areas of concern emerged. These were:

- Level of Leader's salary.
- Level of Civic Head's salary.
- Banding of Councils.
- Salaries of Joint Board conveners and vice conveners.

Salary levels

- 7.16 Councils, generally, have remained of the view that the level of basic salary is too low and does not compensate councillors adequately for the amount of time they spend on Council business nor does it encourage wider access. Much of this debate centres around the question of whether a councillor's role should be regarded as full time or part time and we would wish to consider in more depth what impact the introduction of multi-member wards has had on the ability of councillors to combine their Council work with other things, e.g. employment, caring, voluntary work etc. We very much welcome COSLA's offer to work in partnership with us on this question.

- 7.17 Concern about the level of the Leader's salary was a particular issue for Band A and Band B Councils. In considering our recommendations in 2006, Scottish Ministers reduced the recommended salaries of all Leaders by £5,151. This had a more marked impact on Leaders in Band A and Band B Councils, where such a reduction equated to around 17 per cent in Band A and 14 per cent in Band B Councils. Salaries for Leaders in Band C Councils were reduced by 12½ per cent and those in Band D by 10 per cent. Councillors have argued that the role and expectation of Leaders has changed significantly, for example with the move to Single Outcome Agreements and Community Planning Partnerships.

- 7.18 Some Councils have also raised concerns about the salary level of the Civic Head being restricted to the maximum senior councillor level. In many instances the responsibilities of the Civic Head and the time spent on civic duties was greater than that of a convener of a major committee e.g. education.
- 7.19 The remuneration system introduced in May 2007 has been widely welcomed by Councils for its transparency and ease of application. No system is perfect from the outset and our reviews in 2008 and 2009 have enabled us to recommend minor changes to address some concerns. Speaking to councillors, the main reason most cite as why they became a councillor is to serve the local community and make a difference. This is backed by evidence gathered by COSLA⁵ and the Scottish Government⁶ following on from the 2007 local government elections. However, councillors generally consider that the present salary levels do not fully recognise the responsibility now being placed on them. We would hope therefore that the remit for the review in 2010 will enable us to address these issues.

Council Banding

- 7.20 Concerns on the banding of Councils were raised by a number of Councils in Band A and Band B. In general, they considered that the responsibility held by councillors in these Councils was no different from that held by councillors, for example, in Band C Councils. Glasgow City Council had concerns that the number of senior councillors they could appoint was compromised by being included in Band D. Restricting the number of senior councillor posts to 24 meant that only around one third of their councillors could be offered a senior councillor position, compared to around half of all councillors in City of Edinburgh Council.
- 7.21 Other concerns related to whether the original methodology for banding Councils in 2006 was still appropriate. We would hope that the remit for the review in 2010 would allow us to address these issues.

5 Scotland's Councillors 2007 – William Maloney April 2008.

6 National Survey of Local Government Candidates 2007.

ANNEX A

Glossary

- ASHE – Annual Survey of Hours and Earnings
- Cllr – Councillor
- COSLA – Convention of Scottish Local Authorities
- HMRC – Her Majesty’s Revenue and Customs
- Median – the median salary is the middle salary, i.e. the salary level at which there are as many above it as there are below it in the distribution. The median is often used as a measure of central tendency when the average figure is distorted due to the highly skewed nature of the distribution
- NAC – National Association of Councillors
- NDPBs – Non Departmental Public Bodies
- Remuneration – salary, allowances and re-imburement of expenses to councillors
- SLARC – Scottish Local Authorities Remuneration Committee
- SOLACE – Society of Local Authority Chief Executives
- SRA – Special Responsibility Allowance

ANNEX B

Biographical notes for committee members

Ian Livingstone is a solicitor by profession and was Chair of Lanarkshire Health Board and Lanarkshire Development Agency. He is also a Deputy Lord Lieutenant for Lanarkshire. He was awarded an honorary doctorate by the University of the West of Scotland in November 2008.

Marlene Anderson is a member of Forth Valley NHS Board and was personnel manager at Stirling Council. She has previously served on the Scottish Agricultural Wages Board as an Independent Member.

Dan Brown is an independent consultant with over twenty years experience in the local government sector in Scotland at strategic management level. He was a senior officer at the Convention of Scottish Local Authorities.

Kate Dunlop is a member of the Employment Tribunal and the Reserve Forces Appeal Tribunal (Scotland). She was an Executive Director of a UK bank, a board member of HMRC and on the Board of the Registers of Scotland.

Declan Hall is a lecturer in Local Government and Politics at the University of Birmingham. He is a member of the Independent Remuneration Panel for Wales. Dr Hall also has close involvement with councillor remuneration schemes in England and Northern Ireland.

Mark Irvine is an independent consultant and was previously Head of Local Government and chief negotiator with UNISON (Scotland).

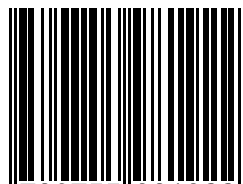
Jack Wilson was a Local Authority Deputy Treasurer then Director of Finance and Deputy Chief Executive for Borders Health Board.

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